$tretching the Dollar

by Ee Boon Lee

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National Trades Union Congress

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Preface

How NTUC cooperatives have served workers' needs

NTUC cooperatives are a boon to some, a bane to others. While consumers welcome the presence of a FairPrice supermarket close to their homes, neighbourhood shops see it as a threat to their business.

But if FairPrice does not go in, other supermarket chains, mainly foreign-owned, would set up shop in the HDB heartlands. Patterns of shopping have changed. People these days prefer to buy things in air-conditioned comfort.

There are critics who question the need for the labour movement to go into business. Yet there are those who think the labour movement should do more to address social and cost-of-living issues.

When DBS Bank decided last year to impose a levy for accounts falling below $500 a month, there were calls for the NTUC to set up a cooperative bank.

While we voiced workers' concerns over this development, we were not comfortable with the idea of running a bank. Yes, we have a thrift and loan society. But NTUC Thrift is not ready to operate like a bank, even one offering no-frills services. So we encouraged all parties to look for other ways to help small account holders.

We called on the government to consider measures to help the lower income, who need basic banking services because we have converted ours into a cashless society. A solution was found, with workers being able to transfer their CPF funds from the Special Account into long-term fixed deposits, so that they can meet DBS Bank's minimum sum.

In other countries, such as Britain and Japan, retail outlets do offer some form of basic banking services. As FairPrice has many supermarkets, why couldn't we do the same in these outlets? FairPrice talked to DBS Bank, which thought it was a good idea. The Monetary Authority of Singapore gave the green light. Now you can do your shopping and banking under one roof – in the larger FairPrice supermarkets.

Here is an instance where an NTUC cooperative has adapted itself to meet the social need of lower income workers.

We don't set up a cooperative at the drop of a hat. Before establishing a cooperative, we conduct feasibility studies, often with the help of experts from outside the labour movement. We give the go-ahead only after we are convinced that it can fulfil a social mission.

All too often, the social missions of our cooperatives are muted, if not lost, amidst the hustle and bustle of the business world. Instead, our cooperatives are sometimes viewed as just business enterprises, fighting for a share of the market.

As we mark the 40th anniversary of the NTUC, I thought it would be useful to have a book on how our cooperatives have complemented the work of trade unions, and helped workers to stretch their hard-earned dollar.

Stretching the Dollar takes us down memory lane – to the 1969 Modernisation Seminar. It was at this gathering that an older generation of union leaders decided to junk old style trade unionism. They chose to work with employers, instead of opposing management at every turn. They also laid a strong foundation for the growth of a vibrant cooperative movement.

Lim Boon Heng
Secretary-General
National Trades Union Congress

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An overview

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Complementing the work of trade unions

- A trade union secures an 8 per cent pay rise for its members. Still, there are many long faces in the union ranks. Why? Because prices of rice and bread, as well as other basic commodities, have been rising sharply. So high inflation will gobble up the wage increase.
- A union gets a 6 per cent pay rise for its members. Workers congratulate their union negotiators for a job well done. Yes, there have been price increases, but they are more moderate. So a 6 per cent pay rise is a good one.

In the first scenario, unions have no control over price movements. So workers' standard of living in any given year could drop, despite pay hikes negotiated by trade unions. Of course, it would have been worse if there were no unions to press for wage adjustments.

In the second scenario, unions have set up cooperatives. Because these cooperatives are efficiently run, they are able to offer goods and services at fair prices. They also benchmark prices for the relevant trades and services, making it difficult for cartels to indulge in profiteering. Inflation is kept low, with little impact on wage increases.

It is this second scenario that we see in Singapore today. The National Trades Union Congress (NTUC) has set up various cooperatives over the years, each with a specific social role. Thus, the NTUC cooperatives are economic ventures with a difference. By operating efficiently and keeping prices low, the cooperatives help workers stretch their hard-earned dollar.

In a market economy, NTUC cooperatives and private sector enterprises do their own 'price watch.' If the cooperatives drop prices of a certain line of goods or services, other merchants are likely to do the same. The cooperatives, too, monitor the price patterns of other companies to make sure that their rates are not out of line.

The entry of the union cooperatives has had the effect of stabilising prices of essential goods and services over a broad front. This benefits all consumers, whether they patronise NTUC outlets or private enterprises.

Although profit is not the driving force for cooperatives, these economic entities must nevertheless generate sufficient surpluses so that they can provide good services, and introduce the latest techniques to improve and expand their operations.

By keeping prices low, NTUC cooperatives complement the work of trade unions. They see to it that wage increases secured by unions are not negated by high inflation. They shield lower income workers from the excesses of a free market economy. In a sense, these union cooperatives serve as a social leveller.

Singapore's experience in mitigating the harsh effects of globalisation was mentioned when the International Labour Organisation (ILO) held its annual meeting in Geneva in June 2001. As a run-up to the meeting, officials from ILO, the International Confederation of Free Trade Unions–Asia Pacific Region and the International Cooperative Alliance were in Singapore to see how trade unions and cooperatives worked together to deal with the impact of globalisation.

Why cooperative societies?

Cooperative societies had their beginnings in Europe more than 150 years ago. During the industrial revolution, workers had to slog hard for meagre wages. They were exploited by employers and traders. Like trade unions, cooperative societies were established so that workers could use their collective strength to drive a better bargain.

In 1844, a small group of villages in Rochdale, England, put equal sums of money into a pool and bought groceries directly from a wholesaler. They found that the groceries were much cheaper because they had cut out the middleman's profit.

So the idea of a cooperative movement was born. It developed into a worldwide movement, with 900 million members in more than 90 countries. The first cooperative society was set up in Singapore way back in 1925.

It was after the First World War, and prices of food and other essential items had risen markedly. Lowly-paid junior clerks in government service in Singapore found the going tough. Many turned to moneylenders who charged very high interest rates. Staff morale was affected. So the British colonial authorities initiated the Singapore Government Servants' Cooperative Thrift and Loan Society to help the clerks get out of the clutches of the moneylenders.

As news of the self-help spread, more cooperatives were established. By 1940, there were more than 40 such societies. Mostly, they were thrift and loan societies. In 1936, a group tried to form a consumer society but gave up because it could not get government approval.

In 1946, after the Second World War, the Singapore Cooperative Stores Society Ltd was registered as a consumer cooperative. At that time, food and other essential items were in very short supply, and this led to profiteering. But when more commodities became readily available, many members of the cooperative lost interest in their organisation. Moreover, they could now buy things from small shops on credit, something they could not get from the cooperative.

Unknown to many, the consumer cooperative was run by activists from the Malayan Democratic Union (MDU), an outfit of the Communist Party of Malaya (CPM). In fact, it operated from the North Bridge

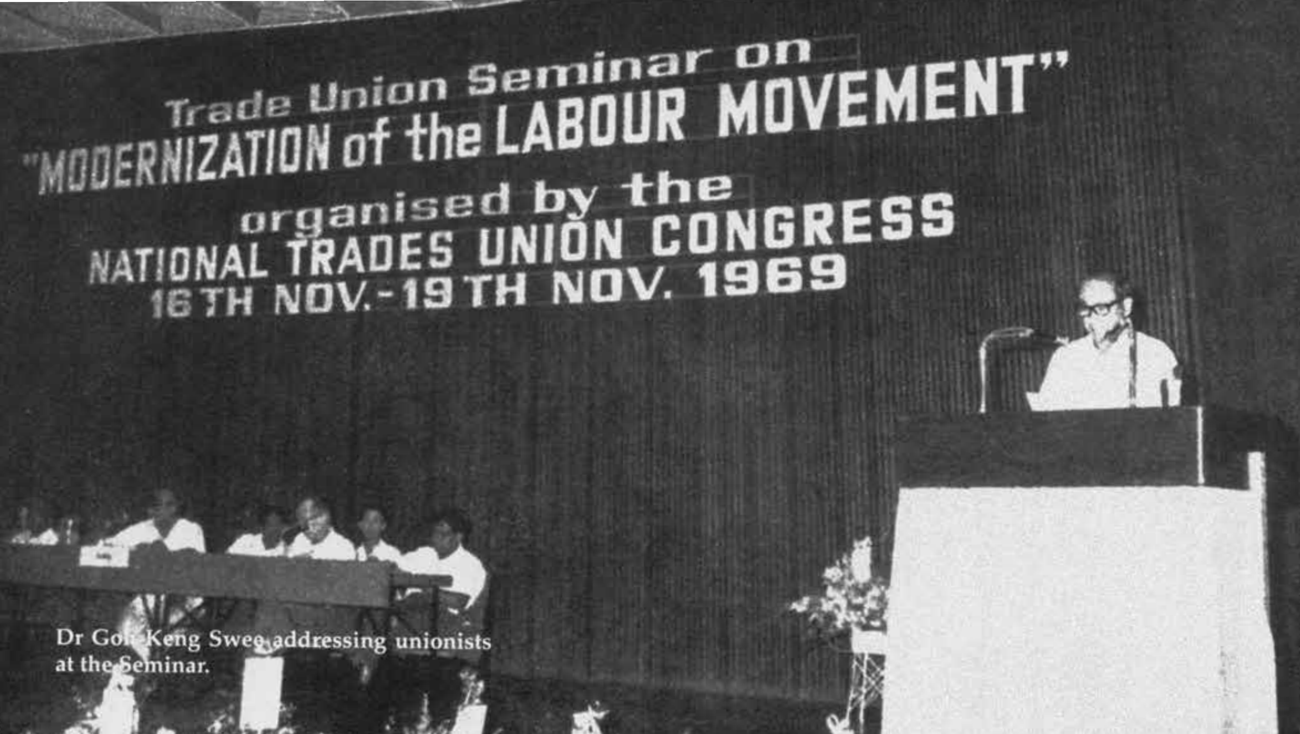
Road premises of the MDU according to RO Daniel's book, *Cooperative Societies in Singapore, 1925-1985.* Following the communist revolt in 1948, the MDU was banned. Some of its key leaders were arrested; several others went underground. The consumer cooperative limped along until it was liquidated in 1953.

The closure of the consumer cooperative did not affect the development of other cooperative societies, as more people came to appreciate the benefit of pooling resources. By 1970, there were 90 cooperatives, with almost 50,000 members. But many more had fallen by the wayside because they were poorly administered or had poor support from members. The cooperative movement had its share of rogues – officials who abused the trust of members and made off with their funds.

Enter our union cooperatives

It was the Modernisation Seminar in November 1969 that led to the birth of the NTUC cooperatives. The seminar was held in a bid to check the slide in trade union membership. Many workers were dismayed when the Employment Act was passed, curtailing some important trade union rights. On its part, the NTUC reluctantly went along with these harsh measures because it was crucial to create conditions conducive to foreign investment and job creation.

In his opening remarks as seminar chairman, Mr C V Devan Nair, NTUC Advisor, explained why the



Dr Goh Keng Swee addressing unionists at the Seminar.

labour movement should create new services, including cooperatives, to better serve workers. Our unions had not bothered to develop beyond the status of merely bargaining institutions. Mr Devan Nair said: "We have chosen to be spectators, instead of active participants, in the major social and technological changes which are taking place all around us. We choose to be present at the distribution of the social cake, but we are conspicuous by our absence at the many stages of its preparation."

To get out of the rut, the labour movement must modernise itself, said Mr Devan Nair. And a modernised labour movement must be more than a bargaining institution. It must be a significant social institution providing the working population with a variety of services, including cooperatives.

It was left to Prof Tom Elliott, a labour activist from the University of Singapore, to elaborate on why the labour movement should establish cooperatives. In his view, union cooperatives could improve the economic position of members, and in the long run, exert a decisive influence on the economic development of the country.

In its simplest form, a cooperative is a business organised, capitalised and managed by, and for, its members. Cooperative enterprises must operate as non-profit organisations. This does not mean that they should run at a loss. But profits in excess of what is needed for running costs and for development must be returned to shareholders, based on patronage.

Prof Elliott suggested that our unions should start with a consumer cooperative. It would increase the real value of wages earned.

In his paper, Prof Elliott expressed doubts about the benefits of labour going into insurance and housing cooperatives. There were already provident funds and unions had negotiated health benefit schemes. While these schemes did not provide optimum coverage, they at least satisfied essential needs. With HDB already building homes, there would appear to be little room for trade unions to go into a housing cooperative, unless it was to provide very low cost housing for those unable to afford rents for public housing. (Ironically, when the NTUC subsequently set up a housing cooperative, it was to meet the needs of the middle income, not the lower income.)

Prof Elliott was more in favour of developing industrial or workers' cooperatives. He noted that ex-political detainees were running small-scale cooperatives. If extended to other areas, such ventures could provide excellent employment opportunities for children of trade union members. As for a cooperative bank, Prof Elliott thought it could be set up to invest more profitably the assets of unions, now usually held in commercial banks.

Dr Goh's strategy for success

NTUC's plans to set up cooperative ventures received strong support from Dr Goh Keng Swee, the Finance Minister. He told the unionists at the Modernisation Seminar that organised labour should develop a cooperative movement to its own advantage as well as to the national advantage.

Dr Goh said the labour movement would have to raise funds on its own to operate these economic ventures. One possibility was for the labour movement to start a cooperative bank. But he thought people were unlikely to put money in such a bank unless the cooperative movement had a string of successful enterprises.

In his view, a cooperative life insurance enterprise would provide a good financial base for the labour movement. If no more than a quarter of the trade union members took up policies, this would mean a cash flow of $5 million a year.

An insurance cooperative would fill a genuine social need. Social security then was in a rudimentary state, and private insurance companies were not interested in selling insurance to low wage earners.

Next, the labour movement should set up a consumer cooperative with many outlets. From experiences in other countries, this kind of cooperative was not difficult to establish, provided there was sustained and dedicated leadership.

A housing cooperative also offered a promising field of development. However, it required very specialised work and the labour movement would need a good band of workers with professional qualifications, experience, zeal and dedication. So it was better to wait until the life insurance cooperative had accumulated sufficient funds. Then, the insurance cooperative would no doubt want to invest some money in real estate.

Dr Goh noted that through their own housing cooperative, government employees were able to own houses on reasonable terms. The government extended loans to the housing cooperative of the civil servants to meet the cost of such houses. At a later stage, the insurance cooperative could perform this function for NTUC's housing cooperative.

The Finance Minister laid down four principles that the unions had to follow if they wanted the cooperative business enterprises to succeed.

Firstly, NTUC cooperatives had to be fully competitive with private enterprises. They should not expect privileged treatment by the government.

Secondly, the labour movement should engage in cooperative enterprises in those fields in which it had a natural built-in advantage.

Thirdly, the union cooperatives had to observe the highest standards of integrity, with the NTUC serving as the central authority to supervise them.

Fourthly, the cooperatives had to have effective management.

In other countries, it had taken years for cooperatives to grow in strength. They had grown because they fulfilled practical needs, not because they were driven by ideology, dogma or socialist principles. And there had been no feather-bedding by the government.

In Singapore, the government wanted to avoid, if possible, slow, difficult and painful growth. But trade unions themselves had to raise funds. The government would give technical assistance, but it would not extend privileged treatment to the NTUC cooperatives.

In an effort to ease businessmen's concerns about unfair competition, Dr Goh reiterated that government's policy was not to single out individual enterprises for favoured treatment. This would apply to cooperative ventures of the labour movement.

The NTUC accepted Dr Goh's suggestion that the labour movement should start off with a life insurance cooperative, followed by a consumer cooperative. In the early part of 1970, the labour movement recast its priorities about what it would go into after the insurance venture. For the second venture, it would form a transport cooperative. This cooperative would not only have a fleet of taxis but also minibuses to cater to the transport needs of school children. While helping to modernise a hopelessly inadequate public transport system, the cooperative would be able to give employment to jobless people who had turned to illegal taxi driving for a living.

The NTUC turned to the International Cooperative Alliance for assistance in getting experts to advise the labour movement on the insurance and transport cooperatives. It also began talent scouting for professionals to run these business ventures.

In March 1970, the NTUC produced a book on the Modernisation Seminar. In a foreword, Dr Goh Keng Swee noted that after prolonged and painful soul-searching, the labour movement had charted a new course. In ripeness of time, it would bring large and tangible benefits to the labour movement as well as to all citizens in the Republic. Dr Goh said:

"In essence, it means that the labour movement has decided to take a positive role in the development of the Republic's economy. It will cease to be a narrow, sectional pressure group whose interests and advancement are to be promoted at the expense of others. On the contrary, the labour movement has now recognised that it is only when there is growth and prosperity that its members can get the improvements they want. Further, the labour movement has also recognised that it has a positive contribution to make to economic growth."

Indeed, it was the unions' involvement in social and economic ventures that enabled them to remain strong and relevant in some countries. More significantly, these unions remained as committed as ever to improving the lot of workers through collective bargaining. But in many developing states, unions had been largely sidelined after independence because they had not adapted to change. It was the same in Singapore. As Mr Devan Nair reiterated in a speech to an international audience in October 1970:

"Organised labour in Singapore, like trade unions in several other parts of the developing world had, by and large, woefully failed to lay themselves the economic foundations of real social power and influence, or even to appreciate the need for such foundations. We chose to build our house on shifting sands, and not on firm rock. Time passed us by. And so did opportunities for renewal and regeneration.

"Trade union membership declined. Union subscriptions and affiliation fees were absurdly low. The national centre did not have any bank balance to speak of, and we did not have any stake in the economy of the Republic.

"Powerful modernising influences were at work everywhere – in the economy, in education, in the social services, in banking, industry and commerce. In all this bustle of economic transformation and social change taking place before our very eyes, we tended to retreat into an increasingly sectional isolation. More and more, we sounded and acted, in the Singapore context, like a bunch of bankrupts trying to gatecrash into a meeting of shareholders. We had to change, and no doubt about it!"

Development of NTUC cooperatives

Over the past 30 years, the NTUC has set up 14 cooperatives. One has been corporatised and listed. One has closed. Two others have undergone name changes following mergers. The 10 NTUC cooperatives[1] in operation today have a combined annual turnover of some $3.5 billion.

In a spirit of tripartism, Ministers and MPs, top business leaders, prominent professionals and key unionists serve on the Boards of Trustees or the Boards of Directors of the NTUC cooperatives. Board members are either nominated by the NTUC (as a founder member), or elected by shareholders. The Board of Trustees of a cooperative sets its general directions. The Board of Directors lays down policies.

The day-to-day running is left to professionals.

Unionists who serve on the boards of these cooperatives benefit a lot. They now know what it takes to make companies tick, and what they must avoid to save companies from closing down.

Of course, union support was critical for the success of cooperatives. So when Mr Devan Nair detected signs that unions were not giving their full support to cooperatives, he called for an extraordinary delegates' conference in April 1974. The NTUC chief told the unionists that there was growing evidence of a slackening of the sense of involvement among several trade unions with regard to cooperatives set up with their own capital. And he cited these examples:

- When Income was set up in 1970, the NTUC planned for 1,000 active organisers (union members serving as part-time insurance agents). After four years, Income had only one third of this number.
- While the sales turnover at Welcome supermarkets was gratifying, the cooperative had only some 8,000 individual members. Singaporeans were good at grumbling but they had failed to grasp the fact that the best way to counter profiteering was consumer cooperation.
- Denticare was not getting enough business from unionised workers and was facing serious difficulties.

Each NTUC Secretary-General[2] – from Mr Devan

Nair to Mr Lim Chee Onn, Mr Ong Teng Cheong and Mr Lim Boon Heng – has paid particular attention to the development of the labour cooperatives, making sure of their strong links with trade unions. They measured the success of each cooperative on how it had strengthened the social safety net for workers.

Mr Lim Chee Onn outlined his views on cooperatives when he addressed an NTUC delegates' conference in 1980. He said: "Our collective bargaining role is insufficient to ensure that the labour movement grows in significance as a constructive force in the overall development of Singapore. Workers have personal needs other than job-oriented ones. Their dependants, too, have needs of their own. We want to be associated with the meeting of these needs, and with improving their quality of life."

Mr Lim said our cooperatives should be the standard bearer for a fair price policy, for quality consumer service and for efficient management. Despite having had 10 years' experience as cooperators, there were still many areas where improvements could be made. So the NTUC set up a Management Services Unit (MSU) to service all cooperatives, including those formed by unions. Mr Lim also pushed for modernisation of cooperative management.

From 1970 to 1980, the NTUC cooperatives' turnover and assets grew at a rapid pace, reflecting their contribution to the economy[3].

In 1979, the law governing the operation of cooperative societies was updated so as not to stifle further growth of the economic entities set up by the NTUC and its unions. In 1980, the Singapore National Cooperative Federation (SNCF) was set up as an apex organisation to unite all cooperatives – those within the NTUC fold and those outside of it. The objective was to pool resources so that the cooperative movement could become more efficient.

Mr Lim believed that union cooperatives could better serve workers if they consolidated their operations so that they could benefit from economies of scale. So he called for a merger between Welcome and the Singapore Employees Cooperative (SEC), formed by the Singapore Industrial Labour Organisation (SILO) and the Pioneer Industries Employees' Union (PIEU) cooperatives, to become FairPrice.

The NTUC would continue to identify areas where a cooperative system could make positive contributions. Mr Lim said: "It is not our intention to stifle any trade or business. Our main concern is the welfare of workers. We want to improve their standard of living and to prevent it from being eroded by unscrupulous entrepreneurs and by the inefficiency of some businesses."

On the future of cooperatives, Mr Lim said: "While we are prepared to set up more cooperatives if necessary, we do not believe that we should do so unless they are needed."

Unions should start cooperatives only if they were financially viable and if they had expertise, which could come from outside the labour movement. The

NTUC itself did not hesitate to involve expertise from the government, the private sector and the academia to manage cooperatives. The results achieved attested to the soundness of such a policy.

In the 1990s, Mr Ong took steps to transform NTUC Childcare Services into a cooperative so that it could better meet the challenges in a highly competitive industry. He also established NTUC Voice to run two radio stations. At the same time, he quashed rumours that FairPrice was going to be floated. Mr Ong said FairPrice was not in need of additional funds. In fact, further funds would dilute the earnings of its shares. So the NTUC had to take quick action to end speculation about FairPrice's listing in the Stock Exchange.

Mr Ong made it clear that investment support for NTUC cooperatives was needed at the start, not when things were already running smoothly. "We must all be prepared to share the risks, if we want to reap future benefits," he said. "For future projects undertaken by the NTUC, this must be the basis on which we operate."

As the economy continued to grow, and workers received wage increases, Mr Ong had occasion to remind all concerned that as wages went up, costs of production and services also went up. So despite wage increases, workers feared they might not be able to afford some of the goods and services because of rising costs.

Of particular concern to workers were the spiralling medical costs. As part of efforts to curb rising prices, the government asked the NTUC to consider managing a restructured hospital. An NTUC team, led by Mr Ong, began a study of hospital operations here as well as in Britain and the United States.

The NTUC decided not to take up the offer to run a hospital because it felt that measures, proposed by a ministerial committee, would help check the rising cost of hospital care. Instead, it set up the Healthcare Cooperative, with a network of pharmacies, to bring down prices of medicines.

Impressed by the operations of the Health Maintenance Organisations (HMOs) in the United States, Mr Ong got Income to send a team to America to make further studies. The HMOs have helped curb rising medical costs in the United States. They provide group insurance and ensure a comprehensive range of medical care for those covered by them.

The Income studies led to the creation of the Managed Healthcare System (MHS). Income works with Healthcare to market MHS to the employers who have unionised employees.

When Mr Lim Boon Heng took over the NTUC helm in 1993, he proceeded to set up Foodfare to address workers' concerns over rising prices of cooked food served at hawker centres. To meet the housing needs of middle income Singaporeans, he established Choice Homes. And to cope with problems of a fast ageing population, he created Eldercare. Mr Lim set up NTUC Media to bring the broadcasting and publications wings of the labour movement under one roof. To encourage the savings habit, he brought in NTUC Thrift.

In the 1990s, NTUC Comfort shed its cooperative image. It was corporatised, and became known as Comfort Transportation Pte Ltd. It also became part of Comfort Group Ltd, which was listed on the Stock Exchange.

Should cooperatives be exempted from corporate tax?

Until 1990, all cooperative societies including those started by the NTUC were required to pay 5 per cent of their surpluses to the Central Cooperative Fund (CCF) to promote cooperative education and development.

Businessmen were not happy with this arrangement, more so when some NTUC cooperatives turned in good profits. They pointed out that these cooperatives were business entities. So why should the cooperatives pay only 5 per cent levy while private companies had to pay higher corporate tax?

In January 1990, the matter was raised in Parliament. A PAP backbencher asked whether the government intended to alter the tax-exempt status of cooperative societies since commercial firms in the same business did not enjoy such status. Responding, BG Lee Hsien Loong, Minister for Trade and Industry, said:

"Cooperative societies were first granted tax exempt status to help them get off the ground and to promote their development. As their operations then were relatively small, the implications of their tax-exempt status were not great. However, some of these cooperatives have grown in size and scale of operations over the years. Hence the economic distortions of their tax-exempt status are no longer insignificant, as they compete for business from the public just like any commercial company.

"At the same time, cooperatives have been successful in serving the needs of their members. In particular, the larger and more successful cooperatives, which were started by the NTUC, such as FairPrice, Income and Comfort, have been instrumental in helping to keep down the cost of living, and providing a decent livelihood to their members. Their success in serving their members and the general public alike is a tribute to their management and to the unions which started them."

BG Lee said that after studying the issue, the government decided not to change the tax-exempt status of cooperatives. Instead, it would increase the levy on the annual surplus of the cooperatives from 5 per cent to 20 per cent. For the first $500,000 of surpluses, the cooperatives would continue to pay 5 per cent to the Central Cooperative Fund (CCF). For surpluses above $500,000, they would pay 20 per cent to either Singapore Labour Foundation (SLF) or the CCF.

The higher contribution rate would be closer to, but still less than, the corporate tax rate of 32 per cent. This should ensure that cooperative societies compete on a more equal footing with commercial companies, without significantly affecting their viability. The corporate tax has since been lowered to 24.5 per cent.

All 10 NTUC cooperatives as well as three multi-purpose cooperatives run by unions have chosen to pay the 20 per cent levy to the SLF, a statutory body set up by an Act of Parliament to promote the welfare of workers and their families. Over a 10-year period (from 1991 to 2000), the SLF received $128.26 million from the cooperatives.

The SLF has been using the contributions to embark on various welfare projects for the benefit of the labour movement, union members and workers. One such project is the SLF Gift Plus, an insurance coverage free to all union members, as 79 per cent of the premium is borne by SLF and the rest by the members' unions. The SLF has invested in social and recreational projects for workers such as the Pasir Ris Resort, the Sentosa Beach Resort, the Orchid and Aranda Country Clubs, NTUC Lifestyle Centres, and NTUC's new building.

From 2001, the SLF will contribute $9 million each year to the NTUC to support its key programmes. This is nearly 28 per cent of the $32 million that it got from the cooperatives for FY 2001.

Making a difference

We do not have minimum wages. Nor do we have unemployment benefits. Yet our workers enjoy a rising standard of living. How have we achieved this? The answer lies in our cooperative trade unionism. Our unions cooperate with the government and employers so that we have enough jobs for workers, while our labour cooperatives ensure that we have a strong social safety net.

Despite the good work put in by the NTUC cooperatives, there are times when they have come under attack for being too business-minded. But these cooperatives can fulfil their social obligations only if they are well run and turn in good profits, so that they can build new capabilities.

Addressing a meeting of the International Cooperative Alliance in July 1999, Mr Lim Boon Heng reiterated the need for NTUC cooperatives to preserve their social identity. He said: "Cooperatives are set up to help improve lives, and to achieve certain social goals. This gives us our right to exist, and our place in society. We must never forget that. And we must always ask ourselves: how do we know we have really made a difference?"

NTUC cooperatives are now required to submit an annual report card on how they measure their achievements on the social front. So they have two reports to file every year – one on profit-and-loss, the other, on how they have fulfilled their social obligations.

The concept of social reporting is neither new, nor unique to cooperatives. Shell has stated publicly its commitment to strike a balance between its business objectives, the environment, and the community. It has defined its performance, based on a set of nine principles, spelling out clear targets and performance on the economic, environmental, and social fronts.

Mr Lim said the social indicators adopted by NTUC cooperatives gave meaning and substance to the social role of each of our cooperatives. The indicators measured the cooperatives' role in benchmark pricing, our reach and impact on society, and the privileges and benefits for our members and to the community at large.

Consumers benefited from greater competition. Service providers had to deliver better value and better quality. Mr Lim stated: "We owe it to our members to keep cost of living affordable. Hence, we are in a number of key businesses that affect cost of living such as supermarket, healthcare and cooked food. We do not aim to make everyone our customer. We are happy that our pricing helps keep our competitors on their toes. In this way, we have indirectly contributed to making a difference to the lives of those who buy from our competitors."

How cooperatives help workers

When Singapore was rocked by rampant inflation, brought about by an international oil crisis in the early 1970s, Welcome consumer cooperative, as well as the SILO and PIEU cooperatives, offered workers basic goods at fair prices. By doing so, they effectively curbed profiteering, and helped stabilise prices of essential commodities.

In the 1980s, the cooperatives helped keep costs down despite high inflation worldwide because of economic depression.

The 1991 Gulf War threatened to disrupt imports.

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RETAIL

Back to normal

FairPrice's quick response ends panic buying and keeps prices down

At a FairPrice outlet, no more sign of rush in buying.

PANIC buying which erupted days before the first shot in the Gulf War was fired on 17 Jan has cooled off.

According to NTUC FairPrice, the biggest supermarket chain in Singapore, the situation returned to normal within less than a week after consumers were convinced that essential foodstuffs would not be in short supply and their prices would not rise.

"We can only assure them by keeping our shelves in the stores well stocked," said Mr Lim Ho Seng, FairPrice's general manager.

This was exactly [illegible]

sorbed by the cooperative. "We have, at any time, more than two months' stock of rice in our warehouse," said Mr Lim. "We had also just placed an order for another two months' stock of rice. So there should not be any cause for alarm."

Consumers' stepped-up buying began as early as 12 Jan - four days before the 16 Jan (15 Jan in New York) deadline set by the United Nations for Iraqi troops to withdraw from Kuwait.

Branches reported a [illegible] turnover [illegible]

NTUC FairPrice was quick to act to ensure that supplies of basic goods like rice remained steady and prices fair. Its decisive action to maintain stocks, extend shopping hours and stabilise prices allayed shoppers' fear of shortages, and scuttled attempts by some unscrupulous traders who tried to profit from the situation.

Some unscrupulous traders were quick to hoard essential items and push up prices. FairPrice, as the consumer cooperative was now known, acted decisively. It used lorries as well as containers to replenish its supermarkets. Shopping hours were extended to enable workers to buy whatever they wanted at 'old prices'. Once again, prices tumbled.

When the government introduced the Goods and Services Tax in 1994, NTUC cooperatives absorbed the GST for the initial period. This helped ease public worries that GST would lead to high inflation. FairPrice went one step further. It identified a basket of 111 essential commodities and pledged to keep at least 90 per cent of the items at the lowest prices. The cooperative also promised that overall, the price of the basket of items would be the lowest.

At the height of the 1998 Asian financial crisis, NTUC cooperatives offered a $26 million package of price cuts and reliefs.

FairPrice reduced prices for 33 essential items by up to 13 per cent, and cut prices of another 88 items by up to 20 per cent. It sold its housebrand products at 5 to 40 per cent lower than other brands.

Income offered a relief scheme for those who had difficulties keeping up with their premiums. In this way, they could continue to enjoy insurance coverage. Income also cut interest rates for policy loans, reduced interest rates for mortgage loans and sliced premiums for motor insurance. And it reduced car park rates at premises it owned.

Healthcare cut prices of 1,000 items in its pharmacies. In addition, it launched a batch of generic products. These generic items could be 80 per cent cheaper, but are no less effective as the branded ones. Denticare lowered its fees for union members.

After government reduced taxes, Foodfare passed the savings to its food operators, who in turn reduced their prices. Childcare offered discounts to union members with children in its centres. Choice Homes absorbed three months of conservancy and service fees. At the same time, it contributed significantly to the sinking funds of each of its projects.

Comfort joined the labour movement in reducing prices. It dropped its current and advanced booking surcharges by 40 per cent to keep taxi services affordable to the public.

Other retailers and service providers quickly followed suit. So Singaporeans saved much more than $26 million in a difficult year.

With the economy facing an uncertain future, the NTUC announced another series of price cuts and financial reliefs in 2001. At the time the book goes into print, it is estimated that the measures could lead to savings of more than $30 million. As private sector traders are expected to take the cue and lower their prices, overall savings for Singaporeans would be much more than that amount.

Clearing misconceptions

Some people think that NTUC cooperatives are very rich. The truth is that they return almost all their surpluses to consumers and members. Retained earnings are actually very low.

Since 1983, FairPrice has returned more than $250 million in patronage rebates to its members, mostly workers, and over $68 million as dividends to shareholders. It also contributed $90 million to the SLF and $5 million to the Central Cooperative Fund.

Income has returned 98 per cent of its surpluses as bonuses to its policyholders, compared to the industry average of 90 per cent. In other words, Income pays only 2 per cent of the profits to shareholders, as against 10 per cent which private insurers pay their shareholders.

To charges that the bigger NTUC cooperatives are trying to corner the market, it is useful to note that in some businesses, it is the labour movement that identified society's needs and helped to develop the market.

Income helped popularise life insurance. In the childcare sector, private operators were practically non-existent before the NTUC moved into the market. Today childcare is a thriving business. The NTUC started Eldercare to meet the needs of an ageing population, and it is encouraging other civic societies to do more in this area.

NTUC cooperatives are owned by 430,000 Singaporeans – 330,000 of whom are union members belonging to 66 trade unions. The remaining 100,000 individuals are not union members. Other shareholders of the NTUC cooperatives are the NTUC, as founder member of each of the economic enterprise, trade unions and cooperative societies.

The NTUC empathises with the problems faced by small retailers in a changing market situation. People now prefer to shop at supermarkets than in neighbourhood stores. So it is unfair to blame NTUC cooperatives for the small retailers' plight. Indeed, if NTUC cooperatives do not move in, other supermarkets would do so. And the bigger supermarkets competing against FairPrice are all foreign-owned.

Some NTUC cooperatives such as FairPrice, Healthcare and Childcare have offered franchise schemes to owners of smaller outlets. As franchisees, these individuals can enjoy the benefits of economies of scale while running their own small shops.

But the responsibility of NTUC cooperatives is first and foremost to consumers. For ordinary workers, money is hard-earned. So the mission of the NTUC cooperatives is to run their business efficiently so that they can help the workers stretch their dollar and improve their quality of life.

Meeting the challenge of globalisation

At another meeting of the International Cooperative Alliance, held in June 2000, the NTUC Secretary-General described as most apt and timely the theme of its forum: "Cooperatives in the 21st Century: Are We Changing?" Noting that globalisation presented challenges and opportunities for cooperative enterprises, Mr Lim Boon Heng said:

"The twin forces of globalisation and technology are driving what we call the New Economy. The New Economy is about knowledge and talent. People, knowledge, and ideas are the key elements. The abilities to create, apply and distribute knowledge are the keys to the creation of wealth.

"These changes will create many opportunities for businesses. Yet, they will also pose challenges. One such challenge is the widening income disparity. Capital and talent move freely in a globalised economy, seeking the highest returns. The best talent will compete for top jobs at First World wages. The wages of workers with lower skills will remain low, as millions of workers in the Third World compete for the less skilled jobs.

"Trade unions, including the NTUC, are very concerned about the social implications of these changes. How do we help workers at the bottom of the skills gap? How can we help them maintain a decent standard of living in the face of these challenges? How can we prevent a sense of social exclusion? How do we foster social harmony and teamwork when top managers earn many times more than what ordinary workers get?

"These are difficult issues that we are grappling with. We believe the forces at work, like a tidal wave, cannot be stopped. What we, as trade unions and cooperatives must do, is to provide the means, by pooling our resources together, to assist ordinary workers to live a better life, to have a decent standard of living, to acquire the skills to find better jobs, and not to feel socially excluded."

The early leaders of the NTUC had the foresight to set up cooperatives as a means to help workers beyond wage negotiations. Today, our cooperatives are part of the social safety net – they provide quality goods and services often at lower costs than those charged by private sector, thereby helping to lower the cost of living. Even if their prices are not the lowest, their competitive presence moderates price rises.

But, Mr Lim said, cooperatives would have an important role to play in this new globalised environment only if they adapted to the changes in the operating environment, and took proactive steps to remain competitive and efficient.

Many cooperatives in the world used to operate in closed or protected sectors, such as the financial services sector, agriculture, and the retail sector. As part of the process of globalisation, many countries have opened their domestic markets to foreign players. Cooperatives now face greater competition.

How would the opening up of the insurance market affect Income's future? What strategies must it adopt to stay on top of the competition? Income has to meet these challenges head on.

In the retail sector, we have the French-owned Carrefour, the world's second largest retailer, Cold Storage, under Dairy Farm (HK), and Shop N Save, under Belgium's Delhaize group, another global player, competing with NTUC FairPrice.

Mr Lim said: "Some will argue that such competition will bring down prices – the very goal that cooperatives seek to achieve. Is there then a further need for cooperatives? Personally, I think we should continue to have cooperatives as an insurance! There is no assurance that large firms, with dominant market powers, will not take advantage of its market position to subsequently raise prices."

To survive and succeed, cooperatives must be willing to break the mould and re-invent themselves. According to Mr Lim, there are six conditions that must be met if cooperatives want to stay relevant:

1 Professionalism

Cooperatives should embrace talent, and recruit professionals in order to compete effectively. NTUC's cooperatives had adopted this philosophy from their inception. This strategy had worked. Cooperatives should continue to strengthen their pool of talent.

2 Embracing Information and Communication Technology

Cooperatives should exploit the use of information and communication technology to reach out and serve members and customers better. For example, they should note how private sector companies are using modern tools to maintain relations with their customers.

3 Strategic Alliances

Cooperatives should cooperate amongst themselves, and with other private sector enterprises. Mergers and alliances would bring benefits of economies of scale and pooling of knowledge, expertise, and network. So cooperatives in the thrift and loan sector should find ways to work more closely together and to use IT to deliver better services to their customers.

We should also be bold enough to explore cross-border alliances. If private companies could form strategic alliances for purchasing, for co-branding, for cross-selling, there is no reason why cooperatives should not do so. But we should look at the legal implications.

4 Innovation

Innovation must be in the mindset of every cooperative. It must permeate every sphere of their activities. To stay relevant and be successful in today's increasingly competitive business environment, we should innovate before others do.

5 Corporate governance

How should we properly measure company performance? What are reasonable standards of reporting and disclosure? Do we have a clear delineation between the supervisory board and management? These are some issues that we should pay attention to.

6 Cooperative values and identity

In the quest for greater economic efficiency and effectiveness, would cooperatives be more like business enterprises? Would we lose our identity? What does it mean to be a cooperative?

Matsushita's founder once said his company existed to make products that would make life better for people. The conventional view was that a company existed to make more money for its shareholders. Here was a businessman whose objective was to serve the public. He could only do so if his business was viable. If he took that attitude, his company would be no different from cooperatives!

Indeed, many successful businesses are not driven by the profit motive alone. Often, they are driven by some higher aim or calling of their founders. Ingvar Kamprad, founder of Swedish furniture store Ikea, came from a poor southern town in Sweden. He wanted to make sure that his fellow countrymen had access to good, affordable, and functional furniture. Ikea has a strong and dominant corporate culture, reflecting the values of its founder.

So, as cooperatives need to be more business-like, there is also a discussion on whether companies should include social objectives as part of their responsibilities. The fact that our cooperatives have to fulfil a social mission is not a handicap. It is their *raison d'etre*. It distinguishes cooperatives from other commercial entities.

Cooperation among cooperatives

NTUC cooperatives have worked closely together to improve the level of services to members. FairPrice allocates space in its outlets for Healthcare to operate its pharmacies and for Income to set up kiosks to sell insurance. Foodfare also gets raw materials at very competitive rates from FairPrice.

Such tie-ups make a lot of sense, though sensitivities of union leaders have to be taken into account. In the 1980s, union leaders objected to Income policyholders becoming FairPrice members, and enjoying rebates, without joining trade unions. The problem was resolved when Income stipulated that non-union members had to pay the Singapore Labour Foundation a fee for the privilege of becoming FairPrice members. Both cooperatives have benefited from this arrangement. The number of policyholders has grown. So, too, has FairPrice membership.

Public perceptions of the NTUC

In a survey, commissioned by the labour movement in July 1998, 99 per cent of the 1,000 people interviewed said they were aware of the NTUC. When asked what was the first thing that came to mind when thinking of the NTUC, 99 per cent picked supermarket, 87 per cent, insurance, and 78 per cent, trade unions.

The findings did not come as a surprise to NTUC leaders. After all, both FairPrice and Income enjoy a high profile. Each week, one million Singaporeans shop at FairPrice. Income has more than one million policyholders.

In the survey, the NTUC as a whole was seen as a solid, dynamic and progressive organisation, set up mainly to provide a wide range of services that benefit workers. Singaporeans saw the NTUC as pro-business, though some felt it had become too profit-driven, and had given small retailers and shop owners unfair competition.

FairPrice was the preferred supermarket of the respondents. Asked which supermarket they would prefer in their neighbourhood, 62 per cent opted for FairPrice, 16 per cent for Carrefour, 8 per cent for Cold Storage, 7 per cent for Shop N Save, 2 per cent for Tops, and 1 per cent for Prime Supermarket. Asked what more they would like the labour movement to provide, the respondents listed these services, in descending order of priorities:

- Cheaper prices/more discounts
- Care for elders/old age services/retirement benefits and services
- Educational centres/facilities/courses/classes/career training
- More FairPrice outlets
- Community services/charity
- Lifestyle/entertainment facilities
- Free/more health and dental care services
- Education fees rebates/subsidies
- Better customer service
- More variety of goods/wider range of service/better insurance coverage
- Club for teenagers/kids' facilities
- Bus services
- Help for retrenched workers
- Other services, eg, maid agencies, counselling, housing, funeral services

Many of these services are already on offer – either by the NTUC or one of its cooperatives. But presumably, the respondents wanted such services in their neighbourhood.

New cooperatives?

In 2000, the NTUC was urged to set up a workers' bank, after DBS imposed a $2 levy for accounts falling below $500 a month; and to operate petrol kiosks after oil companies maintained pump prices at relatively high levels despite sharp falls in crude prices. The NTUC responded differently to these calls.

The $2 levy affected low-income workers, who had previously opened accounts with POSB, before it was acquired by DBS. While critical of the DBS move, the NTUC saw little merit in going into banking – at a time of acquisitions and mergers. Instead, it called on DBS to consider other ways to meet its need for a minimum balance, without penalising the low wage earners, who still needed banking facilities to receive their pay and to make payments by GIRO.

The issue was largely defused after DBS worked out an arrangement with the CPF Board to allow people with low incomes to use their CPF savings to meet the bank's minimum balance of $500 a month. The NTUC felt it was a good solution. With this move, the pressure was off the NTUC to go into banking.

On the possibility of the NTUC forming a cooperative to operate petrol stations, Mr Lim Boon Heng said the matter was under serious study. In an interview in May 2001, Mr Lim said:

"There is supposed to be competition. There are several oil companies here, and they are providing competing services. Yet people don't have the feeling that they are getting the best deal out of the competition…Studies are being made on whether there is market failure and whether there is a role for a not-for-profit cooperative to enter the business as a moderator."

Mr Lim believes that the market economy is the most efficient means of delivering the most goods to the people. But, in his view, globalisation and the market economy are imperfect, and there are excesses.

"When companies are driven purely by the bottomline, then other interests are forgotten," said Mr Lim. A company should exist to serve the people, and not just to make money for its shareholders. That is why there is a role for cooperatives to protect the interests of the consumer.

So would there be an NTUC cooperative to run petrol kiosks? Much would hinge on answers to two related questions. First, would it make economic sense for the NTUC to go into this line of business? Second, would it make a difference to motorists? In other words, if there were a social need for the NTUC to intervene, it would do so. And not just in the oil market.

Notes

[1]NTUC Cooperatives

NTUC cooperatives		Remarks
1970	NTUC Income	Started as life insurance cooperative, with union members doubling as insurance agents. Went into general insurance in 1975. Now third largest insurance company in Singapore.
1970	NTUC Comfort	The aim was to provide jobs for taxi drivers, including those who had operated illegally. Corporatised in 1993, and listed in 1994. Taxi drivers became shareholders in the new company.
1971	NTUC Denticare	The dental cooperative has seven clinics conveniently located in the city as well as HDB housing estates, offering dental services, including specialist treatment, to workers at affordable rates.
1973	NTUC Welcome	In the early 1970s, the consumer cooperative helped check profiteering during the oil crisis. In 1983, it merged with the SILO and PIEU cooperatives to become NTUC FairPrice.
1974	NTUC Fairdeal	The textbook cooperative helped lower the prices of books. Having fulfilled its mission, it was closed in 1981as more effective ways were put in place to ensure stable book prices.
1983	NTUC FairPrice	With 68 supermarkets strategically located, FairPrice is the largest supermarket chain in Singapore. It has helped stabilise prices of basic consumer items.
1991	NTUC Voice	NTUC Radio was set up to inform workers about events in the labour movement. Incorporated into NTUC Media in 1998.
1992	NTUC Childcare	NTUC Childcare Services, in operation since 1977, was converted into a cooperative to enable it to function more effectively. It operates the largest number of childcare centres.
1992	NTUC Healthcare	It operates a leading retail pharmacy chain called Unity. Together with Income, it operates a Managed Healthcare System. It also has some 17 clinics and a medical centre.
1994	NTUC Foodfare	Established in response to public concerns over rising prices of cooked food in hawker centres. It runs a chain of neighbourhood food centres.
1996	NTUC Choice Homes	The housing cooperative was formed to cater to the housing needs of the middle income.
1997	NTUC Eldercare	Its aim is to support families by taking care of their elderly during the day. Operates a daycare centre in Woodlands, and will soon start one in Taman Jurong.
1998	NTUC Media	Set up to bring NTUC's broadcasting and publishing operations under one roof. Media has gone into partnership with the SPH Group to operate its radio stations under UnionWorks.
1998	NTUC Thrift	The aim is to promote savings and thrift among union members and workers.

[2] *Mr Devan Nair was NTUC Secretary-General from 1961 to 1965 before he resigned to devote full-time work as opposition MP in the Malaysian Parliament. He had been elected in 1964 on the PAP ticket when Singapore was part of Malaysia. Following Separation, the PAP wing in Malaysia was dissolved, and the Democratic Action Party (DAP) was formed. Mr Devan Nair remained as DAP MP until 1969, when he returned to Singapore, at the request of PM Lee Kuan Yew, to revamp the trade union movement. In 1970, following the Modernisation Seminar, he was elected NTUC Secretary-General and held this post until 1979, when he became NTUC President. Subsequently, he was appointed President of Singapore. Mr Lim Chee Onn was NTUC Secretary-General from 1979 to 1983. He was succeeded by Mr Ong Teng Cheong, who held the post until 1993. Mr Lim Boon Heng has been holding this position since 1993.*

[3] **Growth of Union Cooperatives in Singapore**

	No of Union Cooperatives*	Paid Up Capital	Shareholders and Other Funds	Turnover	Total Assets	Net Assets
		$ in thousands				
1970	2	1,222	1,527	31	1,707	1,567
1972	6	1,296	4,511	2,645	11,738	3,159
1974	7	3,964	15,442	17,288	24,019	3,264
1976	9	4,995	34,423	62,436	55,956	15,419
1978	13	7,805	59,304	104,491	133,160	23.185
1979	13	17,358	89,742	110,524	169,005	33,531
1980 Up to June	13	18,962	107,341	189,767	189,575	46,373

* Five of the cooperatives were set up by the NTUC; the others were established by unions affiliated to the NTUC.

NTUC Income

Labour's gift to all Singaporeans

To provide a comprehensive range of insurance and related services of better value, based on cooperative principles

NTUC Income's growth is well documented[1]. The number of life policies: up from 4,000 in 1971 to 722,000 in 2000. Premiums collected for life insurance: up from $400,000 in 1971 to $1.47 billion in 2000. Assets: up from $1.2 million in 1970 to $6.6 billion 2000. Income had done exceptionally well in 2000, benefiting from a very robust economic growth.

Beyond the impressive sets of figures lies a far more exciting story – of how a small cooperative was transformed into a giant of an insurance company in 30 years, and how it has immeasurably strengthened the social safety net in Singapore.

Income was started in 1970 to provide much needed insurance cover for lower-income workers at a cost that they could afford, and to encourage thrift and savings. But it was not meant to be just a "poor man's insurer." It had a larger mission: *Insurance for Everyone.*

Income is today the third largest insurance company in Singapore, with 17 per cent of the market. It is the leading insurer in annuity plans, capturing 60 per cent of the market. Income is the largest insurer in general insurance.

For two years in a row (1999 and 2000), Income had been voted Insurance Company of the Year. It is the only insurance company in Singapore to get an AA rating by Standard & Poor's for financial strength. This is the highest rating for a home-grown Asian insurer, outside Japan.

Careful nurturing by the NTUC, solid backing by trade unions, strong support from the political leadership, active involvement by top businessmen and professionals, and sound management: These are some of the factors that propelled Income into national prominence in a relatively short time.

Income has captured a significant part of the life insurance market because of its lower premiums and higher returns, coupled with its prompt and efficient service. The cooperative places the interests of its policyholders above everything else.

In recent years, Income has on average allocated 98 per cent of its surpluses to its policyholders in the form of bonuses. In other words, its shareholders get only 2 per cent of the surpluses. The situation is different in the private sector, where shareholders of insurance companies get as much as 10 per cent, if not more, of the surpluses in the form of dividends.

On special occasions, Income gives additional bonuses to its policyholders. Additional bonuses to mark Income's 20th, 25th and 30th anniversaries amounted to more than $300 million. No other insurance company in Singapore has declared such anniversary bonuses.

By working efficiently, and making full use of computerisation, Income has kept its operating costs down. Income's expense ratio is about 12 percentage points lower than the industry's. This enables Income to offer its services to policyholders at a lower cost. The difference could be as much as 12 per cent of the premium.

Income has put its growing assets to good use, helping the NTUC set up more cooperatives so as to strengthen the nation's social security net. Income sponsors many projects of the labour movement to give the people a better life. It has created a variety of services to improve the lifestyles of its policyholders. And it has been a strong supporter of sports, culture and the arts.

In his message to mark Income's 30th anniversary in 2000, Prime Minister Goh Chok Tong said he considered NTUC Income a gift from the labour movement to all Singaporeans. Its birth 30 years ago reflected our labour movement's strong interest in the welfare of all Singaporeans, and not just union members.

PM Goh then listed three good reasons why those associated with Income should feel proud as they commemorated the 30th anniversary of the cooperative.

First, Income had become a household name in

Singapore. It had touched the lives of many Singaporeans, providing social benefits and greater financial stability.

Second, as a financial institution, Income was a resounding success. It had grown into one of Singapore's largest insurance corporations, with more than one million policyholders.

Third, what distinguished Income from other insurance companies was its social mission. It had promoted savings and thrift, and provided low-cost insurance coverage for all. It had been responsive to national needs and concerns. It pioneered life annuities for retirees. It was the first insurer to offer Singaporeans an alternative to CPF's MediShield health insurance. This came in the form of Incomeshield. Moreover, Income was a strong supporter of community welfare, the arts, sports, education and other national efforts. It actively supported Healthy Lifestyle activities.

How it all began

The labour movement owed much to Dr Goh Keng Swee for inspiring it to start Income. At the Modernisation Seminar in November 1969, the Finance Minister not only supported NTUC's proposal to set up cooperatives, but also outlined what the labour movement should do to make a success of these economic ventures. For a start, he suggested that it should operate an insurance cooperative. In his view, such a cooperative would not only fulfil a social need but also help the NTUC build up its financial strength.

As our social security system was not well developed then, the death of a wage earner would almost invariably lead to his family being thrown into destitution. Life insurance would alleviate such hardship. Even if a worker did not die prematurely, he would get back his premiums on life insurance, plus bonuses, and the money would come in handy for his old age.

Dr Goh noted that private insurers depended on a large corps of salesmen, who were paid substantial commissions and rebates. But in our multi-racial and multi-lingual society, these canvassers would be restricted in their business contacts, unless they were exceptionally gifted.

A union-based insurance cooperative would have two advantages over private companies. Firstly, it could use the union structure and network to reach out to more potential clients. Secondly, union members could better communicate with our multi-racial and multi-lingual society. Instead of limiting its coverage to wage earners, it could extend insurance coverage to taxi drivers, hawkers, small businessmen and the self-employed.

Private insurers were not perturbed by NTUC's decision to go into insurance business. They thought the NTUC would concentrate on the mass market, leaving them to tackle those with higher incomes. The private insurers saw little commercial value in selling low-premium policies.

Clearly, there was a genuine need for a

cooperative to provide insurance coverage for workers at prices they could afford. But how to get it off the ground? How to raise the capital? Dr Goh, in his Modernisation speech, had ruled out any government handout. As the NTUC did not have funds of its own, it urged its affiliated unions with surpluses to withdraw half of their funds in commercial banks and invest them in the economic venture. The response was encouraging.

When the NTUC Cooperative **In**surance **Com**monwealth **E**nterprises Limited (Income, for short) was registered in May 1970, it had close to $1 million in the kitty. The contributions came from eight unions and one thrift and loan society. Members of the NTUC Central Committee chipped in with $20,000. Prof Tom Elliott, NTUC Advisor and the man behind the cooperative drive, did his bit as well.

In expressing his thanks to the unions, Mr Devan Nair said it was a tangible contribution to the modernisation programme of the labour movement. The NTUC Secretary-General said: "If unions want social power and influence, they will just have to work for it. They must prove they have the capacity for it. And they must raise money to employ the best brains available to serve the labour movement."

In September 1970, Dr Goh Keng Swee, now Defence Minister, assumed the post of Chairman of Income's Board of Trustees, and Mr Michael Wong Pakshong, a banker, Chairman of the Board of Directors. Mr E W Barker, a Cabinet Minister and several MPs, as well as leading businessmen and professionals, were among those on the boards.

As founder member of Income, the NTUC had several ranking unionists on the boards. Among them were Mr Devan Nair, who became Deputy Chairman on the Board of Trustees, and Mr G Kandasamy, who became Deputy Chairman of the Board of Directors.

At the professional level, Mr A T Shimpi, an actuary and a top insurance man, was appointed Income's General Manager. Arrangements were under way for a Swedish expert on cooperative insurance to give Income the benefit of his advice.

Income takes non-conventional approach

In an interview with *Perjuangan* (September 1970), Mr Shimpi said: "In this business, what is most important is expertise and the skilful use of knowledge to meet the actual situation. Capital alone, no matter how big, is not enough. What is required is imaginative planning, many times on non-conventional lines."

So Income was structured very much along the lines suggested by Dr Goh. Rather than adopt an agency system, with layer upon layer of canvassers, the cooperative started with a small full-time sales force, backed by union members doubling up as agents, known as Income organisers.

To minimise costs, Income organisers would be paid nominal honoraria, which would be shared with the NTUC and the unions supplying the sales force. This system has remained an important feature of Income. It is a win-win formula, with Income getting business and the labour movement getting some monetary reward.

To reach out to workers, an Income Development Organisation (IDO) was set up under the chairmanship of Mr Kandasamy, General Secretary of the Amalgamated Union of Public Employees and Member of the NTUC Central Committee.

The IDO's job: to recruit union members as part-time insurance agents. Within one year, 268 members from 18 trade unions had signed up as organisers. They formed the nucleus of Income's field force, after undergoing training.

Income was aware of the immense possibilities for business, as only 3 per cent of the population had insurance cover, compared to 84 per cent of Japanese families and 90 per cent of American families. But while Singaporeans were willing to insure their homes, they did not seem to consider it necessary to insure themselves. There were also people who felt that it would bring bad luck to simply take out a life policy. So a massive programme was mounted to explain the value and benefits of life insurance.

Income's launch

On 21 November 1970, trade unionists packed Victoria Memorial Hall for the launch of NTUC Income. By then, the cooperative had secured paid-up capital of $1.2 million. Among those at the launch were Mr A Mohideen Gani from the United Workers of Petroleum Industry and Mr Swithun Lowe from the Singapore Teachers' Union. Both were excited

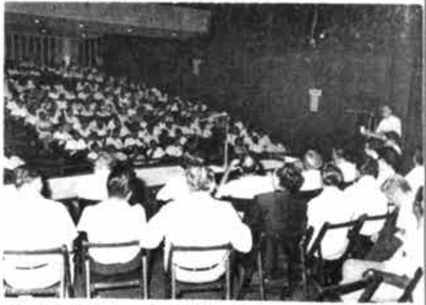
8 Perjuangan N.T.U.C. NOVEMBER 1970

OVER $1 Million

Business on first day

Sdr. G. Kandasamy, the Chairman of IDO addressing the Rally.

INCOME's World Record



Prof. T. H. Elliott, the NTUC Adviser speaking at the Rally.

AT the INCOME MASS RALLY held at the Victoria Theatre on Saturday, 21st, November 1970, Mr. A. T. Shimpi, General Manager of INCOME announced that on [illegible]

and assistance all throughout the period, without which the conception and delivery of INCOME would not have been as easy and sm[illegible]

op., Consumers' Co-op. etc. He felt the workers would soon be enjoying INCOME in COMFORT. [illegible]

for those who come after us. Another speaker, Prof. Tom Elliott thanked Mr. Shimpi and his [illegible]icated staff for getting [illegible] about NTUC's new venture.

Said Mr Mohideen Gani: "I knew nothing about insurance when I went to the launch. But when I heard the speeches and saw some union leaders being commended for making insurance sales, I decided to attend a course on insurance."

Mr Swithun Lowe, too, had only a vague idea about life insurance. He said: "It was a momentous moment. Here was the NTUC venturing into the business of insurance. It was doing it for the good of workers."

Both Mr Mohideen Gani and Mr Lowe signed up for a crash course on insurance, conducted by Mr Shimpi himself. Mr Mohideen Gani went on to be a top insurance salesman, becoming the first President of the Income Summit Club. Mr Lowe readily conceded that he never clinched a single sale. "But I have done my part to promote life insurance, and I still do today," said Mr Lowe, now Deputy General Secretary of STU and a member of the NTUC Central Committee.

Applause rang out when Mr Devan Nair disclosed that Income had sold policies worth more than $1 million. This was considered a world record, as no other insurance company had secured such a volume of business on Day One of its operations.

To keep up the momentum, the unionists adopted a resolution to propagate the benefits of cooperative life insurance to the entire working population of Singapore. Union leaders at all levels were asked to set an example to the rank-and-file by taking up insurance policies from Income. Members were exhorted to volunteer as Income organisers. At the same time, employers were urged to allow Income premiums to be deducted from workers' wages through a check-off system.

To help the lower income buy insurance cover, Income came up with low-premium policies. Individuals could pay just $5 a month to be covered for several hundred dollars. But most policyholders could afford to pay more for better protection. They were insured for sums from $2,500 to $10,000. Through the hard work put in by Income organisers, many workers were insured for the first time in their lives.

Early challenges

Income was fortunate to have entered the insurance business at a time when the economy was growing, with more people joining the workforce and earning more wages. There was a wider market for insurance companies, even though they had to contend with rising CPF contributions and the popularity of POSB. Through the 1970s, CPF and POSB absorbed an increasing share of national savings at the expense of finance and insurance companies.

CPF's introduction of an insurance scheme to protect HDB flat owners posed yet another challenge to the insurance industry. But there was no denying that the scheme would strengthen workers' social security. The challenge for insurance companies was to devise new policies to meet the changing needs of a more sophisticated population.

Addressing Income's 10th anniversary dinner in December 1980, Dr Tony Tan, Education Minister, said it was clear the growth of the insurance industry had not kept pace with the economy, even though the number of policies in force and the average sum assured had both increased.

Dr Tan, who had just taken over from Dr Goh Keng Swee as Chairman of Income's Board of Trustees, noted that the proportion of the population insured had risen from 3 per cent in 1970 to 10 per cent in 1980. However, 10 per cent was still a low figure, compared with developed countries where the figure was as high as 80 per cent. Dr Tan urged Income to intensify its promotion efforts.

There were some 80 insurance companies in operation when Income was formed. Some of these companies had been around for decades and were financially strong. How did Income make the cut in such a highly competitive industry? Mr Devan Nair, who played a pivotal role in ensuring labour support for the cooperative, gave this as a recipe for its success:

"Goh Keng Swee and Lee Kuan Yew provided the encouragement and advice. People like Tom Elliott and members of the NTUC Central Committee provided the drive. Professional managers like A T Shimpi and Tan Kin Lian contributed management expertise. And trade unions provided the muscle and the results. Not to be forgotten are the chairmen and members of Income's Board of Trustees and Board of Directors, all of whom served the cooperative without monetary reward of any kind."

Critical role of organisers

Income's greatest strength has been its trade union connection. Indeed, the union network is the major arm of NTUC Income's sales force.

In the 1970s, the part-time organisers brought in more business than the much smaller full-time staff. At one stage, they accounted for 80 per cent of Income's life insurance sales.

However, in the 1980s, the situation had changed. With further improvements in the economy and rising wages, many workers did not see the need to earn more by spending their leisure selling insurance. So Income had to recruit more people from the non-union sector to boost its sales force.

By the mid-1990s, two-thirds of Income's sales force had come from the non-union sector. The contribution of part-time organisers to Income's business had dropped from a high of 80 per cent to about 45 per cent. If this trend were not reversed, Income could end up operating like any other insurer, with no special connection with the labour movement.

There were serious implications for Income if fewer union members took up the challenge to become organisers. For one thing, it could mean fewer Income policies being sold to union members. For another, it could mean more union members taking out insurance coverage from private companies, even though they could get a better deal if they bought Income policies.

In a strategic move to rekindle union involvement with Income, the IDO was strengthened. A full-time executive arm was created. The NTUC urged all union leaders to renew their support for INCOME.

Income organisers face greater challenges today. This is because private insurers have gone into the mass market. The organisers also have to continuously upgrade their skills, just as their counterparts in the private sector are doing. This is because insurance agents are expected to do more than just sell policies. They need to provide advice to clients on financial planning as well.

Helping policyholders cope with crisis

When Singapore's economy slid into recession in 1998, Income was quick to offer help to policyholders who were retrenched or had to take pay cuts.

In May, it announced a scheme that allowed policyholders to postpone payments of premiums for up to two years. They had to make just a small one-time payment to remain covered for two years.

In July, Income announced a rent assistance scheme for tenants of properties it owned. Instead of reducing the rents, it offered them a loan at 6 per cent interest per year, repayable only at the end of two years. Income later passed half of its property tax savings to its tenants.

In November, Income joined other NTUC cooperatives to offer a comprehensive package of reliefs to wage earners hit by the CPF cut. Income allowed home-owners to defer paying up to 30 per cent of their monthly mortgage payments for at least three years. The home-owners could also reschedule their loans. Income cut interest rates for mortgage loans, commercial and industrial properties loans, and loans based on insurance policies. It also reduced premiums for motor car loans.

Policyholders and borrowers saved $3 million a year, and enjoyed reliefs worth another $12 million from Income's package.

Income in the Internet Age

In July 1999, Mr Lim Boon Heng, NTUC Secretary-General, launched Income Plus, a loyalty programme offering an attractive range of benefits to 150,000 policyholders, with a potential to involve another 80,000.

Under the scheme, eligible policyholders could enjoy the convenience of round-the-clock shopping for different types of products at Income's website. For a start, they could buy books, personal computers and groceries.

In his speech, Mr Lim said: "The trend is clear. The world of tomorrow will be an Internet-enabled one. More daily activities such as education, entertainment and shopping will be carried out, using the Internet. To tap into the potential of a new growth market, businesses have to learn to market through this new channel and to conduct its transactions, using e-commerce."

In preparation for the new challenges and opportunities of this information age, the NTUC and its affiliated businesses have been building up their capabilities in e-commerce. Already in the market is the NTUC Link smartcard. NTUC Income and NTUC FairPrice have exploited information technology to reach their customers.

For its core business, Income has set a target to transact 20 per cent of its insurance services through e-commerce by 2005.

Major challenges for insurance industry

Addressing the 19th Pacific Insurance Conference in August 1999, BG Lee Hsien Loong, Deputy Prime Minister, noted that in developed countries, the insurance markets were maturing. Insurers faced tough competition from other financial institutions such as banks and securities firms. Increasingly, they had also to contend with non-banking institutions such as Marks and Spencers and Virgin in Britain.

In Singapore, the insurance industry faced three major challenges: developing new distribution channels beyond the agency force, devising new products to meet the needs of an ageing population, and upgrading standards of asset management.

On new distribution channels, the Deputy Prime Minister said that in Singapore, nine out of 10 life insurance policies were sold through insurance agents. He spoke of the need for insurance companies to find alternative channels to sell insurance.

Insurers in Singapore must invest in IT to implement some of these alternative channels so as

In 30 years, Income has grown to become one of Singapore's largest insurance corporations. From left: Mr Lim Boon Heng, PM Goh Chok Tong, Dr Lee Boon Yang, Mr Ng Pock Too and Mr Tan Kin Lian.

to reduce cost, target a wider market, and improve client service. If they failed to do so, new entrants would exploit these alternatives to the full, and take away business from existing players.

What were these alternative channels open to insurance companies? Instead of relying on agents to reach potential clients, insurance companies could tie up with banks and commercial houses to sell insurance. They could also exploit the Internet, telemarketing and call centres.

Responding to BG Lee's call on insurers to go beyond the traditional agency force to sell insurance, Income tied up with FairPrice to sell insurance policies at supermarkets. Launching this drive in December 1999, Mr Matthias Yao, Minister of State without Portfolio and NTUC Deputy Secretary-General, urged all NTUC cooperatives to collaborate with one another. Mr Yao said:

"I hope all NTUC cooperatives will find creative ways of working together to raise their profile. Through this active collaboration, you can strengthen the cooperative movement in Singapore and deliver more convenience and better benefits at lower costs for your members."

Continuing to serve the needs of the lower income

At Income's 30th anniversary dinner on 24 October 2000, PM Goh said Income had come a long way since its establishment. It was started to serve primarily the insurance needs of lower income Singaporeans.

With this base, it had evolved to become a leading insurance company in the country, with more than one million policyholders. It had built a reputation of being a market leader in product innovation, distribution efficiency and the effective use of IT.

After noting the many awards Income had won, the Prime Minister said that it should take cognisance of the changes in the global financial landscape and in Singapore, and consider their impact on its business strategy.

Globalisation and IT developments were reshaping insurance markets around the world. Geography and national boundaries did not protect markets today. Technology would increasingly reduce the role of the middleman. Customers were becoming more knowledgeable and sophisticated, and would demand more competitive financial products and services. These developments were forcing insurance companies to rethink and redesign their business models. They had to create new value for their customers, and explore new ways of delivering their products and services.

In response to the changing financial landscape, the Monetary Authority of Singapore had lifted its closed-door policy on direct insurers. This was to foster a more competitive market and a more efficient and forward-looking insurance industry. Our insurance industry had to face the challenges of liberalisation and greater competition. PM Goh was glad that insurance companies here had taken pro-active measures to meet these challenges.

On financial security for our ageing population, the Prime Minister complimented Income for pioneering life annuities and reverse mortgages. He then posed four specific challenges to Income.

Firstly, Income should innovate and expand the scope of its products and services to better meet the needs of policyholders as Singapore's demographics change. It was already a market leader in many product lines, and it should continue with these good efforts.

Secondly, it should use modern technology to redesign its business model. Income already had one of the more innovative websites.

Thirdly, Income should upgrade the skills and professionalism of its agents so that they could serve policyholders better. This was particularly critical for Income as it had a significant proportion of part-timers in its sales force.

Lastly, as Income remodelled itself to address the new challenges of globalisation, it should not lose sight of the reason it was formed 30 years ago. This was to meet the insurance needs of those in the lower income bracket. Income should not forget its first constituency even as it expanded its business to other segments of the population.

After the Prime Minister launched NTUC Income's new logo, Mr Tan Kin Lian recalled that it was Mr Goh himself who approved the old logo – when he was Chairman of Income's Board of Directors in 1977. In the 23 years since then, Income had grown by more than 230 times. Its total assets increased from $28 million to $6.3 billion. (By the end of 2000, the assets had grown to $6.6 billion.)

The first six months of 2000, Income's life insurance sales, measured in regular and single premiums, exceeded those of other life insurers. It was the first time in 30 years that Income had achieved this top ranking in new life premiums.

The year 2000 was a particularly good one for Income. For the second time in a row, it was named the Insurance Company of the Year. Mr Tan Kin Lian, who has been Income's CEO since 1977, was named Financial Personality of the Year.

At Income's AGM in May 2001, Mr Ng Pock Too, Chairman of its Board of Directors, said that despite having grown into one of Singapore's largest insurance corporations, Income was committed to promoting savings and thrift, providing affordable insurance coverage and bringing the benefits of insurance to all.

With the liberalisation of the financial services industry, Income expected greater competition in the years ahead. Mr Ng then highlighted three key strategies to maintain Income's competitive edge. Income would make use of new marketing opportunities, build on its cooperative image and enhance its IT capabilities.

With various recent changes in the CPF, new opportunities have arisen. The introduction of the Supplementary Retirement Scheme, and the Minimum Sum Plus Scheme, and liberalisation of the investment of Special Account savings provide more opportunities for Income to introduce new products to meet the financial security needs of CPF members.

Going beyond insurance needs

Income has gone beyond its core business of insurance so as to meet the lifestyle needs of its policyholders.

Through e-commerce, Income makes it possible for its policyholders to shop from the convenience of their home or office. By tying up with FairPrice, it has expanded the range of things that can be bought through the net.

Income has set up a car cooperative to offer Singaporeans an alternative form of personal transportation. It operates gymnasiums at convenient places. It is actively involved in the national effort to get Singaporeans to stay healthy. It offers a special diet for people to lose excess weight.

Through Income, policyholders can get professional help to provide more than 90 home services. These include installing electrical cables, repairing leaks, servicing air-conditioners, renovating homes and moving house. They can get assistance in finding suitable tutors for their children. They can leave it to Income to arrange for renewal of their maids' work permits, or to verify documents of foreign workers they intend to take in as tenants.

Explaining Income's diversification programme, Mr Tan Kin Lian said policyholders needed more than insurance. They needed other lifestyle services, too. Where Income could provide such services more efficiently and at lower cost, it would undertake them.

"We think all these services make us more valuable to our policyholders than being just an insurance company," Mr Tan said.

On why Income had gone into areas like repair of household appliances, Mr Tan said the cooperative was not out to undercut small businesses. The fact was that when policyholders wanted certain services, they called Income, which, in turn, got these service providers to do the job.

The contractors saved on marketing. They paid Income only a token sum for getting the business. "We are not pushing the contractors out of business," said Mr Tan. "We are actually helping them." At the same time, Income made sure that these contractors provided good services at fair prices. Otherwise, it was money back to the policyholders.

Income is determined to widen the range of services. Its aim is to be the biggest and most comprehensive provider of home services.

More than Insurance is not just a catchy slogan for Income. But Income's core business remains that of insurance, particularly life insurance. It is a standard bearer of NTUC's commitment to strengthen social security for Singaporeans, especially those in the lower income group.

Reflections

Bringing insurance to doorsteps of the poor

As a trade unionist, Mr K T Samuel was overwhelmed by the stark poverty of daily-rated workers living in what were known as 'labour quarters'. "We had to help them, not just because they were members of NTUC affiliated unions but more because they were so poor," he said. "If anything untoward happened to the breadwinners, their families would become destitutes immediately."

In 1971, he quit his job at Caltex (Asia) Ltd to do full-time insurance work with Income. He wanted to do more to bring insurance to the doorsteps of the people who needed it most.

It was a difficult task, persuading the lower income to take out insurance policies. How to pay the premiums, they would ask. But once they were convinced that it was in their interests to be insured, these people were grateful. And this gave him great satisfaction.

Throughout his years in Income, Mr Samuel worked very hard to ensure continuing union support for the cooperative. He was convinced that without such support, Income's progress would stall. Mr Samuel, who retired as General Manager, passed away in 2001.

Driven by a mission

Imagine selling more than $800,000 worth of policies within one year of attending a course on life insurance. This was what Mr A Mohideen Gani from UWPI did in 1971. On the first anniversary of Income, he turned up at the Istana to receive the top award from Dr Goh Keng Swee, the Defence Minister and Chairman of Income's Board of Trustees.

In 1972, Mr Mohideen Gani, who was employed as a commissionaire at Shell, was installed as President of Income's Summit Club, which had just been formed.

His education disrupted by the Japanese occupation, Mr Mohideen Gani spent his teenage years doing odd jobs, like helping out in a *mee goreng* (fried noodles) stall, before he was employed as a messenger in a commercial firm. Later he found work in Shell as a messenger and was subsequently promoted as receptionist, or commissionaire.

Clad in uniform with a cumberband, Mr Mohideen Gani received guests at Shell and directed them to appropriate offices. But after office hours, he worked just as hard as an Income organiser. At times, he saw potential clients in the middle of the night – when they had their breaks. Sometimes, it was 2 am before he made his way back home on his trusted scooter. Mr Mohideen Gani said:

"We were different from private sector insurance agents, who received fat commissions. We were driven by a mission, not to make money but to protect the interests of workers, especially those in the low

Mr Mohideen Gani receiving a prize from Dr Goh Keng Swee for being a top Income Organiser.

income group. As a low income worker myself, I knew the problems their families faced should anything untoward happen to them. But many workers did not like the idea of life insurance. So I had to spend hours talking to them to convince them that it was in their interests to insure themselves. It was also not easy to get them to pay even $5 a month for a policy. Without check-off, it would have been worse."

His efforts have paid off. Year after year, Mr Gani was admitted to the Summit Club. After his term as President in 1972, he also served as Vice President or as Council Member. Even after he retired from Shell in 1990, he continued selling insurance for Income, and earned the right to be in the Summit Club – up to 1999.

Mr Mohideen Gani was so committed to Income that he even encouraged his two sons and son-in-law to become organisers. But one of his sons dropped out. So did his son-in-law. "Not everyone has the temperament to sell insurance," he said. But much to his delight, his other son, Mr Latiff Mohideen Gani, who works in the Straits Times, has made it to the Summit Club in 1999 and 2000.

For the Summit Club dinner in 2000, Mr Mohideen Gani was specially invited even though he did not generate enough sales to qualify as a club member. He said:

"The official programme was over and it was showtime. Mr Tan Kin Lian came over to my table. We had a chat, and I showed him a copy of a speech I made as President of the Income Summit Club way back in 1972. Mr Tan asked if he could borrow the text. I said, yes of course. Mr Tan then went to the stage, stopped the show and said he had a special announcement to make. He then went on to read my 1972 speech! He said the points I made in 1972 were as relevant in 2000. I was so touched – by Mr Tan's gesture and the applause I got."

In part, this was what Mr Mohideen Gani said as Summit Club President:

"I have a full-time job. Leisure time is limited. I also have to spend time with my family. It is perhaps the burning conviction I have in Income as a national movement and in what it can do for all our comrades and their loved ones that led me to spend whatever time available to promote Income sales. Selling

Income policies has today become second nature to me. I rarely feel I am selling a product. I feel I am providing a much-needed service for the financial security and protection of my fellow workers.

"I would like to urge my colleagues to spread the message of Income far and wide. We should encourage more of our comrades to come forward and become Income sales organisers. The more organisers we have, the further we can push our sales horizon…

"May I appeal to all our brothers and sisters in the affiliated unions to come forward and pledge part of their leisure to bring security and protection to their comrades and their families. In doing so, they would be building a stable and dignified trade union movement to ensure a better future for all."

Mr Mohideen Gani, 65, was in the leadership of UWPI before he joined the Singapore Shell Employees' Union (SSEU), which was established as a house union in the mid-1980s. Now an associate member of SSEU, he said: "Workers need unions, as much as they need Income. But without union support, Income would not have succeeded, and workers would not have the kind of social security they enjoy today."

Providing a worthy service

Thirty years ago, Mr Chua Kim Soon, a school laboratory assistant, overheard an Income organiser explaining the benefits of a life insurance policy to a colleague during a school vacation. Before that, he had only a hazy idea of life insurance. As he recalled: "I thought that if I bought an insurance policy, I would have to keep on paying and if nothing at all happens, all the money would not be refunded."

Impressed by the Income organiser's explanation of a life policy, Mr Chua asked him whether he could buy a policy. The answer was a quick yes. The two got down to serious talking. But Mr Chua was shocked to learn that a policy for $10,000 would cost him $30 a month. He was then earning just $300 a month. He could hardly save $10 a month, let alone find $30 to pay for an insurance premium.

But the organiser, a teacher, asked him to give it a try. By the time he got his next increment, things would be easier, the organiser said. Mr Chua signed up for the policy. Shortly after this, he himself enrolled as an organiser.

Mr Chua found it quite easy to convince his colleagues and friends to buy insurance. Over the next two years, he was an active organiser. After that, he became complacent, and gradually lost interest in selling insurance during his leisure hours.

Then something tragic happened. His brother-in-law, a taxi driver, died at the age of 42, leaving a widow and five school-going children. He did not have any CPF or any other savings. Nor was he covered by insurance. Mr Chua says: "I was so ashamed of myself for not getting my brother-in-law to take up an insurance policy. I pledged not to take things for granted." So he became an active organiser again, and has been so all these years.

Mr Chua Kim Soon (right) receiving an award from Mr Lim Boon Heng. He has been a member of the Summit Club from 1973 without a break.

At the 30th anniversary of Income, Mr Chua, now Vice President of the Amalgamated Union of Public Employees (AUPE), received a Merit Award. It was the latest of a long list of awards for his Income work.

Mr Chua, 58, has been a member of the Summit Club from 1973 without a break. This means that each year, he had met targets to qualify him for membership of the prestigious club.

Over three decades, Mr Chua has sold over 1,000 policies. In many cases, they have been multiple policies. As he says: "People would buy a policy, and then if the after-sales service is good, they would call you up to buy a second, even a third policy, if not more. They would recommend other family members and friends to buy policies. But we have to do follow-ups on our own, too, because policyholders' needs change over the years. They may get married, have children, so they may need other kinds of coverage."

Mr Chua has sold more than 50 policies to his family members. But he has one regret: he allowed the first policy that he bought to lapse. Mr Chua explained: "The first policy was for $10,000. But later, when my wages went up, I decided to buy a policy for $50,000. After making some calculation, I decided to let go the first policy so that I would not need to pay so much in premium. It was a hasty decision which I made, only to regret it years later. That policy would have matured in 2003, and I would have got $23,000!"

Some years ago, Mr Chua sold a policy to a National Serviceman. After his NS stint, the man took on a job as a baker. He then bought a second policy. One day, Mr Chua was informed that the baker, aged 35, had died.

A quick check with Income showed that the baker's policies were in order. But although he was married, with two children, it was his younger brother who was the beneficiary of the two policies. Was it his intention to leave the money to his brother – or did he forget to change the nomination after marriage?

At the wake, Mr Chua gently broke the news to the widow. He said the insurance money would go to her brother-in-law, and not to her. But he told her he would have a word with her brother-in-law.

Mr Chua then took the brother-in-law to a field nearby for a quiet chat. He asked the man whether he knew he was the sole beneficiary of his brother's insurance policies. The man was taken aback. No, he said, he was not aware of it. The baker's brother added that he should not take the money. It should go to his brother's widow and children, who were in a pitiful situation.

A few days after the funeral, Mr Chua helped the baker's brother make a claim. He then passed a cheque to the man, who turned it over to the widow.

In 1986, Mr Chua sold a Whole Life Policy to a Mr Tan, a self-employed man. In 1991, he encouraged the man to take up a Living Policy. Three years later, Mr Tan was diagnosed as having colon cancer. He was in tears when Mr Chua visited him in a private hospital. He knew the cost of cancer treatment was high. In fact, the three operations he underwent and his one month's stay in hospital cost him $35,000.

Mr Chua told Mr Tan to stay focused on getting well, and not to worry about the medical expenses. After all, he was covered under the Living Policy, designed for people to cope with such exigencies. (When a policyholder of a Living Policy is diagnosed as suffering from such dreaded diseases as cancer, kidney failure or heart attacks, he is immediately paid the sum assured in full.)

When Mr Chua later visited Mr Tan and passed him a cheque for $33,000, the man was very touched. He said that without the money, he would have a big problem settling his hospital bill. Mr Tan has since recovered.

Summing up his work as an Income organiser, Mr

Chua said: "Every time I close a case, I feel satisfied. It is not because of the extra dollars for myself (as honorarium) but I believe I have provided a worthy service to a fellow man whose family might fall into financial difficulties in the event of his protracted illness or untimely death."

Notes: 1

Table 1: Growth in life policies

	1970	1971	1980	1990	2000
Life policies in force[1] 000	-	4	66	235	722
Sums assured $m	-	15	527	6,906	40,041
Assets $m	1.2	1.6	73	766	6,601

[1] Income was launched in November 1970, but the first policies were issued only from January 1971

Table 2: Income Premiums

	Life	General	Total
		$m	
1971	0.4	-	0.4
1980	20	8.4	28.4
1990	129	62	191
2000	1,474	174	1,648

General Insurance was started in 1975

Table 3: Income's performance in 2000

No of Life Policies	722,000	Up by 11% compared to 1999
Life premiums	$1,474 m	Up by 36% compared to 1999
No of General policies	422,000	Up by 12% compared to 1999
General insurance premiums	$174 m	Up by 13% compared to 1999

Comfort

Driving into a better future

To help develop an efficient land transport service

As Singapore's economy grew in the post-independence years, the vehicle population rose sharply. By 1969, as many as 266,000 vehicles were on our roads, with the number expected to increase by 22,000 each year. Our city centre was in danger of being choked during peak hours, with serious consequences to the economy.

To make matters worse, the services provided by 11 bus companies were grossly inadequate. They had a total of 1,400 buses, but there were times when half that number would be in workshops. Bus routes were not well coordinated, resulting in people having to make two to three transfers, even over short distances.

Travelling by bus was such a hassle that many Singaporeans took to riding in illegal or pirate taxis. These pirate taxis were junk cars, but they nevertheless provided a cheap form of transportation for Singaporeans. They charged a shade more than bus fares but much less than the licensed taxis. The trouble was that they were not covered by insurance.

Licensed taxis were in short supply. There were 14,000 people with licenses to drive taxis, but there were just about 3,800 cabs available. Rentals were fixed at the whim of taxi owners, and those wishing to drive cabs could never be sure they would be allocated vehicles. Many turned to pirate taxi driving when they could not hire cabs legally.

Taxi drivers had no social security protection, no medical benefit scheme, no CPF savings to fall back on when they retired. As one taxi drivers' representative said: "When a taxi driver is a physical wreck and unable to work, he is replaced. For him, the future is bleak, merciless."

Pirate taxi drivers faced greater risks, as they were engaged in illegal operations. But the alternative was to be jobless. Between 5,000 and 8,000 people were said to be engaged in pirate taxi operations. The more brazen among them posed a danger to other motorists as they cut in and out of traffic lanes to pick up or drop passengers.

As the road conditions became worse, the government decided in 1970 to reorganise the bus and taxi services. Ten of the 11 bus companies would be transformed into three companies.[1] The Singapore Traction Company (STC) would be asked to improve its bus services as well. Another 600 buses would be added to the pool. But the revamped public system could work only if the pirate taxis were not allowed to undercut legitimate transport business.

Aware of the social and economic problems that would be created if pirate taxi drivers were forced to stop work, the government announced that 6,500 jobs would be created over a three-year period, jobs that these pirate taxi drivers could apply for.

The government gave the pirate taxi drivers a grace period of 11 months to withdraw from the roads and take up other jobs. Otherwise they faced the prospect of one year's suspension of their driving license, or imprisonment for a second offence.

The NTUC decided to form a transport cooperative to run taxi and minibus operations. It was confident that it could provide an efficient service. And it would throw open membership of the cooperative to all Singaporeans with taxi vocational licenses.

To give taxi drivers greater stake in our society, the NTUC cooperative would help them own their taxis or minibuses. As owner drivers, they could be expected to provide a better and more courteous service.

The government not only backed NTUC's initiative but also granted a multi-million dollar loan to the new cooperative to buy a fleet of vehicles.

Birth of a transport cooperative

On Sunday 7 June 1970, some 600 taxi drivers left their vehicles at Empress Place car park and filled Victoria Theatre to capacity for a public meeting with NTUC leaders. There was an air of expectancy. They had heard about NTUC's plans to form a cooperative. Now, they would be getting the details. So they decided to forgo half a day's business so that they could get a better idea of what the future held for them.

The drivers were treated to stirring speeches. Mr Phey Yew Kok, NTUC President, raised their morale when he said the proposed cooperative would give them the opportunity to lead a decent life. Even pirate taxi operators would be given a chance to become law-abiding cabbies.

There were smiles all round when Mr Phey and then, Mr Devan Nair, gave the drivers the assurance that if they became members of the cooperative, they would have steady income, and could look forward to becoming owner drivers after a few years. But for Comfort, none of the drivers could expect to own their taxis – unless they had a windfall.

As the cooperative would start with 1,000 taxis and 200 minibuses, the drivers would have to ballot for membership. Once accepted as members, they would become shareholders of the cooperative. Their earnings would include not just their portion of daily takings but also a share of the total profits of the company. But the venture would succeed only if certain conditions were met. Mr Devan Nair said:

"We may get sufficient capital. We may obtain competent and highly qualified management personnel. But the proposed transport cooperative will prove to be a disastrous experiment, if we do not insist on strict cooperative discipline and cooperative effort.

"The profits of the transport cooperative will go primarily to those who drive the taxis and the minibuses. But there will be no profits or benefits for anybody, if the drivers do not cooperate to make their organisation a success…

"The stakes are high for each member of the transport cooperative, in terms of higher earnings, a share in the profits of the organisation, job security, and of eventually becoming an owner of his own taxi or minibus. But if the stakes are high, the price of this must be self-discipline and complete loyalty to the objectives of the cooperative."

Impressed by what they heard, the drivers adopted a resolution in support of the cooperative.

Reflecting the sentiment of the taxi drivers, Mr Choo Chong Fook, General Secretary of the Taxi Drivers' Association, congratulated the NTUC for its move to set up the transport cooperative. He said his members had been waiting for a long time "for something like this to happen."

In October 1970, the NTUC Workers' Cooperative **Com**monwealth **for T**ransport Ltd (Comfort) was established, with these objectives:

- to promote and popularise the practice of cooperative enterprise in all fields of public transport;
- to ensure for its members good profits and better conditions of work; and
- to encourage thrift, cooperation, mutual saving and self-help among its members.

Comfort arranged easy repayments of the vehicle loans for its operators. Its taxi drivers would become owners of their vehicles after three years, and minibus driver owners after five years. Comfort also arranged for the drivers to have CPF accounts so that they could use the savings to buy public housing.

Balloting for the first 1,000 taxis in January 1971 attracted 3,800 applications. Those known to be pirate taxi drivers were excluded. But Mr Devan Nair was quick to point out that such people would be eligible for future balloting, as Comfort proposed to enlarge its fleet of vehicles.

Those who had made a living as pirate taxi operators had to be helped to find a place in our society. The NTUC chief noted that the government, too, had encouraged the pirate taxi operators to register for alternative employment. As it turned out, a good number of former pirate taxi drivers ended up as Comfort members or as relief drivers, who were allowed to join as associate members.

Mr Devan Nair surrounded by eager applicants during the balloting for the first 1,000 Comfort taxis in January 1971.

Sceptics predicted that the NTUC venture would collapse within a short time because taxi drivers were too individualistic to work as cooperators. They were sure the drivers would not settle their repayments on time, and this would bring down the cooperative. But Comfort members proved them wrong. Indeed, Comfort was so successful that at one balloting session, there were 3,000 applications for 100 taxis.

Within two years, Comfort had a fleet of 1,200 taxis and 300 minibuses, helping to make public transport safer, more comfortable and more efficient. At the same time, the cooperative provided its members a sense of job security.

Reputation for reliability and honesty

Very quickly, Comfort gained a reputation as a reliable transport service. Its drivers, too, came into prominence when they returned money and other things left behind by passengers, including tourists. A typical letter was one by Mrs R C Munroe:

"On the evening of 1 June 1971, a Comfort driver brought my daughter home from the airport at approximately 11.30pm. About an hour later, he arrived at our house, to return an expensive camera, which my daughter had left in his taxi…What a fine representative this man is for the NTUC and for the city of Singapore."

In October 1974, Mr Ong Boon Tiong, a businessman, left behind $9,000 worth of camera equipment he had bought from Hong Kong in a taxi driven by Mr Lee Chau Khang. The driver handed the equipment to the Airport Police after he failed to contact Mr Ong. The grateful owner gave a $250 reward to Mr Lee

Act of faith in the NTUC and workers not misplaced

At Comfort's third anniversary dinner in 1973, Prime Minister Lee Kuan Yew recalled how the cooperative was started, and the progress it had made. He said:

"Three years ago, pirate taxis were rampant, but bus companies were going bankrupt, and traffic conditions were deplorable. We then decided that before the roads became chaotic and public transport broke down completely, we would clean up the pirate taxis, and improve the bus and taxi services.

"As an act of faith in the ability of the NTUC and our workers to cooperate in a transport cooperative, Comfort was launched to give taxi drivers, many of whom were formerly running pirate taxis, a chance to own their taxis and minibuses.

"This act of faith has proved not misplaced. But there were a lot of headaches and heartaches, and sometimes plain nastiness, when the old system of lawless road behaviour was stopped and discipline enforced where indiscipline had been a way of life.

"To get taxi drivers to cooperate needed organisation, patience, good human relationship and, above all, firmness of purpose. The NTUC and our workers have acquitted themselves well. These qualities are not lacking.

"Our plan was to give every taxi driver a chance to own his taxi, and after paying off the instalments, to start saving to buy a new taxi whilst, at the same time, to buy his HDB flat.

"All this needed planning, careful calculation and a capacity on the part of the organisers to understand the motivations of the people they were dealing with. Only then could they get the members of the cooperative to work the system, giving them adequate rewards and inducing them also to conform."

Mr Devan Nair was more pointed in his message, published in Comfort's 1973 souvenir magazine. The NTUC Secretary-General said:

"Neither the NTUC and its affiliated unions, nor the government, will reap any financial benefit from the operations of Comfort. The trade unions which have put their money into Comfort shareholdings do not expect any return.

"The millions of dollars from public funds, which the government has loaned to Comfort for the purchase of vehicles, could have been invested to secure much higher rates of interest than the nominal World Bank rate which the government charges the cooperative.

"Furthermore, the NTUC has had to sign a deed to indemnify the government against any loss of public funds, arising from the operations of Comfort.

"If the NTUC had not been willing to take this serious risk, there would have been no Comfort cooperative today. It is because of the considerable financial risks we have taken upon our shoulders that the NTUC has insisted, and will continue to insist, on strict measures to ensure prompt and regular repayments by Comfort drivers towards meeting the loans for the purchase of their vehicles.

"If the repayments had broken down, it is not only Comfort which would have collapsed. The NTUC itself would have collapsed, and no one in his senses would ever think again of embarking on a cooperative scheme to enable Singapore drivers to be owner of their own taxis and minibuses."

Summing up Comfort's achievements since its inception, Mr Wee Toon Boon, Chairman of its Board of Trustees, said they showed what a cooperative enterprise, properly organised and purposefully directed, could achieve for the people. Mr Wee, Minister of State for the Environment, said Comfort would provide better and more up-to-date services to commuters.

Owners and shareholders

In June 1974, the first group of taxi operators became owners of their vehicles, after completing their repayments. They also received their shareholding certificates from Comfort.

Mr Ali Hussein was the first Comfort driver to complete his payment by instalment. On 11 June 1974, he was presented with a share certificate signifying his full-fledged membership of Comfort – and proud ownership of his taxi. He had driven a taxi for 25 years.

By 1975, 1,100 Comfort members had become owners of their vehicles. Among them was Mr Koh Chye Kow. From the mid-1950s to 1970, he drove a rented taxi. Now aged 70 and still a Comfort driver, Mr Koh recalled:

"In the past, life was tough. Things changed for the better when the NTUC formed a transport cooperative. I was very excited when I became a Comfort driver. It meant steady income. It meant driving a brand new taxi, which became mine after a few years."

Comfort members were constantly reminded of the need for prompt payment of vehicle loans. As Mr Devan Nair stated: "…if we had not been strict, malingerers would have taken unfair advantage of the cooperative, and Comfort would have faced bankruptcy, the NTUC would have been in trouble and none of you would be owner drivers."

The NTUC Secretary-General made it clear that whatever assets and surpluses accumulated by Comfort would go to the cooperative and its members. The NTUC would not stake any claim to these profits. It started Comfort purely as a social service, without any idea of profits for itself.

In April 1980, Mr Lim Chee Onn, then NTUC Secretary-General and Chairman of Comfort's Board of Directors, reviewed the cooperative's achievements over the past decade. He said more than 5,000 Comfort operators were driving their own taxis or minibuses on a pay-as-you-earn basis.

Operators were able to start in Comfort with a brand new taxi for a down payment of $500. This amount had remained unchanged despite increases in the price of vehicles. However, he indicated that Comfort might not be able to hold down the payment at this low level much longer. Mr Lim said:

"While it is essential for Comfort to promote the interest and welfare of its operators, we must never lose sight of the primary purpose of the transport cooperative – to provide a courteous, comfortable and efficient service to the public. This would not only enhance our quality of life but also help enhance Singapore's image as a tourist centre."

As with other organisations, there were black sheep among Comfort members. Mr Lim hoped they would mend their ways. Otherwise, they would be weeded out.

Worker directors make a splash

Comfort made news when *The Singaporean*, in its February 1982 issue, featured two operators as members of the Board of Directors. Mr Nah Tua Bah, a taxi driver, and Mr Teo Seng Kee, a minibus driver, were elected by their colleagues to serve on the board, chaired by Mr Lim Chee Onn. The story was splashed in the mass media.

Putting two operators on Comfort's board served to enhance communication between the drivers and top management.

At the board meetings, Mr Teo pressed Comfort to buy bigger minibuses. He also wanted the government to reduce the vehicle tax when Comfort bought replacement buses. "This is our biggest problem," he said. "A bus with a price tag of $20,000 will cost $50,000 because of the tax."

Mr Nah said that, previously, operators from different kiosks enjoyed unequal benefits, and this led to dissatisfaction among members. So he was pleased that Comfort had accepted his proposal to improve, and harmonise, the welfare benefits. Comfort had also agreed to his suggestion to allow an operator to transfer his license to a family member after seven years.

Taxi fleet grows – yet there are complaints of taxi shortage

Despite the measures taken to improve the public transport system, peak hour jams remained a big problem. In fact, the car population had risen at a faster rate than the population growth. Our population grew from 1.6 million in 1960 to 2.25 million in 1975, an increase of 40 per cent over 15 years. But the number of cars had shot up from 63,300 in 1960 to 143,000 in 1975, up by 127 per cent over the same period.

The situation became worse as the years went by. At a Comfort meeting in June 1981 and at its 10th anniversary dinner in November 1981, Mr Ong Teng Cheong, Minister for Communications and Labour as well as Chairman of Comfort's Board of Trustees, addressed issues of concern to commuters and taxi drivers alike.

Although the total number of taxis had doubled from 4,800 to 9,600 in a decade, there were still complaints about shortage of taxis. How to solve such a problem? Commuters would object to fare increases. Taxi drivers would be just as unhappy if the fleet size were increased as they feared this would affect their earnings.

Mr Ong said that increasing the fleet size alone would not solve the problem. The trouble was that taxis were under-used. Younger taxi drivers preferred to work shorter hours. They also did not like to let relief drivers take over their vehicles when they were not on the road.

Taxi fares were much lower in Singapore than elsewhere. Hence the greater demand for taxis by commuters who would, in other countries, travel by bus or train. But raising taxi fares would only encourage the younger taxi drivers to spend less time on the road.

So Mr Ong said the industry should consider a two-pronged approach – increasing fares as well as the supply of taxis. He also suggested greater use of radio telephones. At the same time, he encouraged taxi drivers to hire out their vehicles when they were not working.

As the taxi shortage worsened, the government announced increases in taxi fares and diesel tax in 1985. Taxi drivers were worried that the sharp taxi fare hike could lead to loss of patronage and a fall in their earnings. As Chairman of Comfort's Board of Trustees, Mr Ong Teng Cheong reflected their concerns in Parliament. Mr Ong, then Minister without Portfolio and NTUC Secretary-General, said he supported the fare increase.

The Ministry of Communications expected the taxi usage to fall by no more than 15 per cent. The fare adjustment would ensure that taxi drivers' incomes would not drop despite the fall in usage and the increase in diesel tax. In urging taxi drivers to give the scheme a try, Mr Ong said that if things did not work out as the Ministry had anticipated, he would ask for a review.

1985 was a bad year for Singapore because of the recession. So the increases in taxi fares and diesel tax could not have come at a worse time. When taxi drivers' earnings went down sharply after fare increases came into effect in April, the NTUC interceded with the Ministry of Communications, and the fare structure was adjusted.

Meeting the challenge of the MRT

As plans for MRT operations gained momentum, Comfort began to downsize its fleet through attrition. Since 1985, it had reduced its fleet from about 7,000 to 6,700. At the same time, the number of applications for Comfort membership had risen from 1,500 to 4,000 because many people had lost their jobs during the recession. Comfort also took steps to improve its service by computerising its radio telephone system.

To its relief, Comfort found that the introduction of MRT and the revamping of bus services to create seamless travel did not affect demand for taxis. By 1990, Comfort had restored its fleet size to the 1983-

84 level of around 7,000. But all the new Comfort members were accepted as hirers, not potential owners of their vehicles.

Our taxi service is most impressive

Since 1986, Singapore has been rated as having the most impressive taxi service in the world. Next came England, followed by Japan. The findings came from surveys among taxi users in Singapore. Among those asked for their views were tourists.

Pleased with the outcome of the surveys, Mr Ong Teng Cheong said, at Comfort's 20th anniversary dinner in 1990: "Just as Singapore workers have done Singapore proud by emerging No 1 again in BERI's rating, our taxi operators have also done us proud by keeping us in the forefront of service."

On the whole, two out of three respondents rated Comfort's taxi service as good or excellent. Comfort scored well for cleanliness and general condition of its vehicles.

As Comfort moved into the 1990s, there was talk of expanding its operations. Mr Mah Bow Tan, Minister of Communications who had succeeded Mr Ong Teng Cheong as Chairman of Comfort's Board of Trustees, told the cooperative's annual general meeting in 1992:

"Comfort is providing a public transport service. This means that the viability of our business, including the well-being of our members, has to be balanced against our social obligations to service the commuting public effectively and efficiently. Comfort

The Comfort Cab of old

The Comfort Cab of today

Comfort continues to look after its drivers' interests and welfare. Mr Wee Boon Kim, President of Comfort Taxi Operators' Association, welcomes the new Comfort Medical Scheme for drivers.

should continue to review and improve its structure and mode of operations in order to position itself to better respond to the changing business environment. It should also consider venturing into other transport-related enterprises as part of its diversification plan to strengthen and grow the organisation."

Shedding cooperative character

In February 1993, Comfort announced plans to convert itself from a cooperative to a private limited company, with eventual listing in the Stock Exchange of Singapore. The change in status would pave the way for Comfort to diversify and to expand here and overseas.

Dr Wan Soon Bee, Chairman of Comfort's Board of Directors, said it was time to make the change as its status as a cooperative hampered future development. It had limited access to equity capital and external borrowings. When it became a listed company, Comfort would be able to compete on equal terms with other taxi operators, which were already listed in the Stock Exchange.

Corporatisation would not affect Comfort's mission to provide an efficient taxi service and to promote the interests of its members. This assurance was given by Mr Sam Chong Keen, Comfort's General Manager.

With Comfort as a cooperative, members could only redeem their shares at par value of $1 per share, not at the potential market value of $6.53 per share. Members were also restricted in transferring their shares.

At a meeting in March 1993, Comfort's members voted unanimously for the corporatisation. This came about after Comfort's management assured them that their interests would be advanced through such an exercise.

Looking at change, Mr Johnny Hoe, who later became Secretary of the Comfort Taxi Operators' Association, said: "It was quite wrenching to move from owner to hirer. But Comfort had its reasons. As a listed company, it could do a lot of things which it could not do as a cooperative. As Comfort grows, we also benefit – as we are shareholders of the company."

When NTUC Comfort was liquidated and Comfort Group Ltd took its place in June 1993, the restructured organisation offered a bonus issue of four-for-one share to all its members. In other words, its taxi and minibus drivers got four shares for every one they held.

Comfort Group Ltd is a management and investment holding company. It started with three wholly-owned subsidiaries – Comfort Transportation, a taxi company; General Automotive Services, a car repair facility; and VICOM, a vehicle inspection centre.

When Comfort's shares were floated in June 1994, they were oversubscribed eight times. It raised $170 million for the SLF and the company, $50 million more than the target. Comfort Group Ltd proceeded to build a new workshop and to expand its operations to China.

One with the labour movement

Since Comfort's formation, its taxi and minibus operators have been closely integrated with the labour movement. They take part in May Day celebrations and raise funds in support of activities organised by the labour movement. They also benefit from their association with organised labour. They can become FairPrice members and enjoy patronage rebates. They can join NTUC Club and use its range of recreational facilities.

These links have been further strengthened since the establishment of the Comfort Taxi Operators' Association (CTOA). Like associations representing taxi drivers of the other two transport companies, CTOA is affiliated to the NTUC. Leaders of these associations participate actively in conferences organised by the NTUC.

When the government decided to restructure the vehicle tax system and reduce the taxi diesel tax, Comfort came to an agreement with CTOA to pass the rebates to the taxi drivers themselves in the form of Medisave top-ups over a five-year period.

The other two taxi companies agreed to adopt the same formula after discussions with associations representing their operators. Top trade union officials were involved in the deliberations.

Even though Comfort is no longer a cooperative, it ensures that both hirers and relief drivers share in its surpluses through a series of rebates given to all drivers. Each year, over $2 million worth of rental rebates are given to its 22,000 drivers. In addition, drivers with accident-free records are rewarded with No Claim Bonus, amounting to $1 million a year. Some $8 million worth of road taxi rebates are also passed on to principal Comfort and Yellow Top drivers.

To further help taxi drivers keep operating costs to a minimum, Comfort has started dispensing diesel to its drivers at below pump rates. So far, it is meeting some 40 per cent of its drivers' diesel needs.

Comfort has also maintained good relations with the Singapore Industrial and Services Employees' Union (SISEU), which represents bargainable staff of the organisation.

Bigger and better

In 30 years, Comfort has enlarged its fleet of taxis from 1,000 to 10,000, making it the largest taxi operator in Singapore and one of the biggest in the world. Although Comfort is no longer a cooperative, it remains very much linked to the labour movement. The SLF is the largest shareholder of the company, with a 38 per cent stake.

After its corporatisation, Comfort introduced a rental scheme under which its drivers get a share of 8 to 10 per cent of the company's annual profits. In 1999, Comfort distributed $2.6 million to 11,000 Comfort drivers.

During the 1999 May Day celebrations, Comfort received a Plaque of Commendation from the NTUC for its strong and generous support of the labour movement.

At Comfort's 30th anniversary dinner in December 2000, Mr Lim Boon Heng urged the company to offer better services at competitive fares. This is what the public would expect of the leading taxi operator in the country.

Mr Lim also referred to the change in the status of Comfort's taxi and minibus operators. As a cooperative, the drivers were shareholders as well as owners of their vehicles. The benefits of bulk purchase of cars flowed through to the drivers. Now the drivers were hirers of cars from Comfort. Comfort made money for its shareholders from the rental it collected. However, the drivers were offered shares when Comfort was corporatised, and listed. Mr Lim said:

"I hope that the close links the drivers had with Comfort as a cooperative will be maintained by their holding shares in the listed company. The shares the drivers now hold may be small, but I hope that in the years ahead, their relative share will grow, so that they will identify more closely with Comfort, not only because they hire cars from the company but because they are part owners of the company as well."

Mr Lim hoped the management would consider an incentive scheme to reward good drivers with Comfort shares.

NTUC's original aim in setting up a transport cooperative has been fulfilled. Comfort has played its part in improving public transport. It has taken good care of its taxi and minibus drivers.

The labour movement and Comfort now face an even greater challenge. Together, they are committed to doing everything possible to help realise

Singapore's aim of developing a world class public transport system.

According to the White Paper on *A World Class Land Transport System*, taxis constitute the high end of the spectrum of public transport modes. So Comfort has a big role to play in further improving its level of service to commuters.

It is not just a matter of spending millions to upgrade the infrastructure. Both Comfort and the labour movement have to see to it that the taxi operators are well trained and suitably motivated to provide world class service.

Notes

[1] *From April 1971, there were four bus companies in operation. But the Singapore Traction Company (STC) lost its monopoly to operate in the city area. By the end of the year, the STC went bust. Its buses were taken over by the remaining companies. In 1973, the three bus companies were amalgamated to become the Singapore Bus Company (SBS). Ten years later, the Trans-Island Bus Services (TIBS) was formed to give SBS a measure of competition.*

Denticare

Low-cost dental care

To provide quality dental services to working people at affordable rates

While the labour movement's efforts to form Income and Comfort were grabbing media attention in 1970, the Social and Welfare Programmes Committee of the NTUC was quietly laying the groundwork for a third cooperative – to provide affordable dental care for our workers.

Dental treatment was then expensive, and beyond the reach of many workers. In fact, these workers did not turn to dental surgeons until they could not bear the pain anymore. Unions had problems getting employers to extend medical benefit to dental benefit.

But how to set up a new cooperative? Our unions were already fully stretched as they had invested in the insurance and transport cooperatives. So a donation draw, with $1 per ticket, was organised to raise money for the new cooperative. Seventy attractive prizes, including a Mercedes 200, were offered for the donation draw. All 70 prizes were donated by leading firms and trade unions.

Prof Tom Elliott, Advisor to the NTUC, said trade unions in developing countries were realising that social responsibilities were an important union function. It was not enough to just seek wage increases, and ignore social responsibilities.

In countries where the labour movement was strong, unions were emphasising their social obligations more than their bargaining role. And Singapore was aiming to do exactly that, said Prof Elliott, who became Chairman of Denticare's Board of Directors.

Denticare started with a clinic at Corporation Drive in Jurong in May 1972. It was opened by Mr Chua Sian Chin, the Health Minister. He commended the NTUC for its capacity for self-help.

At that time, there were only 211 dental surgeons, giving a ratio of one dental surgeon for every 10,000 persons. Mr Chua noted that 93 of the surgeons were in government service and 18 in the university, leaving just 100 in private practice. There was an urgent need to produce more dental surgeons.

A second clinic was opened in Trade Union House at the end of 1972. Workers in the city centre found it convenient to use this clinic. Denticare charged less than private dental clinics.

With Denticare around, unions were now able to persuade a number of employers to provide dental care. But the new cooperative was not getting the kind of support it needed from unions to survive. Only six unions had taken advantage of Denticare's services.

Save Denticare drive

In 1974, an urgent appeal was sent out to save Denticare from closure. At an extraordinary meeting of union delegates in April 1974, Prof Elliott reported losses of close to $40,000 for 1973. At this rate, the cooperative, which started with a capital of a little over $100,000, mainly from a donation draw, would have to close down.

Mr Devan Nair said Denticare was clinging to life by the skin of its teeth. One would have thought that with 185,000 union members, there would be enough business for the dental cooperative, said the NTUC Secretary-General. But there had been a breakdown in the organisation of support for Denticare. He said: "I would hate to see Denticare closing down. There is no real need for Denticare to fail."

At the end of 1974, Denticare's first clinic in Jurong was closed due to lack of support. The second clinic at Trade Union House kept going, with patronage from union members and their families in the city area.

Recalling the early days of Denticare at Corporation Road, Ms Pauline Tay, who had been with the cooperative from Day One, said: "Jurong Town was not as developed then as it is today. There were just factories, and only a few housing blocks. Denticare was at one of the HDB blocks. Business generally was slow. After the Jurong facility was closed, the two surgeons and two nurses were transferred to Shenton Way. Here there was more business. I now work at Denticare's facility at Parkway Parade, which is a far cry from the clinic at Jurong."

Years of expansion

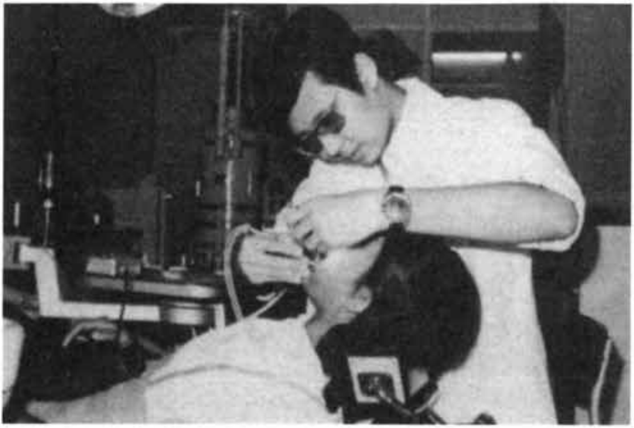
In 1980, Denticare moved its clinic across the road to the Trade Union Annexe. As it upgraded its facilities in the 1980s, more business flowed in. A survey of 186 Collective Agreements (CAs) certified by the Industrial Arbitration Court in 1986 showed that 83 provided dental benefit. A few CAs stipulated the use of Denticare for dental treatment. For the most part, the CAs would allow members to use Denticare or any other dental clinic.

By 1988, Denticare had three full-time dental surgeons and five dental nurses. It not only provided treatment but moved into dental health education for workers. And this led to better dental health among workers, reducing the number of days employees had to stay away from work because of dental problems.

In 1991, Denticare shifted its clinic from Trade Union Annexe to Shenton House. The new clinic was more spacious and better equipped. For the first time, Denticare offered specialist treatment. And it charged patients at much reduced rates than those of private clinics.

For orthodontics, the straightening of crooked teeth, the private sector rate was between $4,000 and $6,000. At Denticare, the fee was 20 to 30 per cent less. For oral surgery, like extracting a wisdom tooth, the going rate outside was $400 to $800. Denticare

The old Denticare



Denticare of today

charged $200 to $400. Apart from the lower rates, Denticare also offered concessions to union members.

Denticare's new home was opened by Mr Oscar Oliveiro, NTUC President. In a message, Mr Ong Teng Cheong, NTUC Secretary-General, said he was glad Denticare planned to introduce new specialist services and to set up a few branches in other parts of Singapore. This would be in line with the social objective of the dental cooperative.

Healthcare injects capital into Denticare

To support Denticare's expansion plans, additional capital was required. As it was a small cooperative, with a small share capital base, it would not be cost effective for it to raise funds from individual members. So the NTUC decided that it should work with NTUC Healthcare.

"As both cooperatives are in the related area of healthcare, there should be some synergy derived by working together and tapping each other's resources," said Mr Ong in July 1993.

Although Healthcare was set up in 1991, it was designated as one of the founder members of Denticare so that it could take up majority shareholding in the dental cooperative and inject necessary capital. Healthcare and Denticare could also consider jointly setting up one-stop medical and dental centres for the convenience of workers.

With the appointment of Healthcare as co-founder of Denticare, the Board of Trustees of Denticare was dissolved. Mr Ong paid a tribute to those who had held positions as Denticare trustees. He singled out Mr Tang See Chim for serving as Chairman of the Board of Trustees for 12 years, since the inception of Denticare. Mr Tang was Minister of State, Finance.

"Mr Tang has played an important role in making NTUC Denticare a viable cooperative serving a good clientele of union members, workers and the public," said Mr Ong at an appreciation dinner for Denticare's trustees and directors. The function was also to welcome Healthcare as the second founder member of Denticare. The first founder member was the NTUC itself.

Network of clinics

The 1990s saw Denticare spreading its wings, setting up clinics at Midpoint, Bugis Village, Bukit Merah, Parkway Parade, Choa Chu Kang and Jurong Point. To better serve its clientele, it has relocated its premises from Midpoint to Midpoint Orchard, and from Bugis Village to Albert Complex.

"I believe people prefer Denticare to set up clinics in HDB heartlands," said Mr Sam Chong Keen, Chairman of Denticare's Board of Directors. The Choa Chu Kang clinic, set up in 1997, was well patronised, and in its first year of operations, it was already generating a surplus.

From one chair in 1971, Denticare now has 37 chairs. The number of clinics has grown to eight. It is bigger than any private sector dental clinic chain. The number of patients had risen from less than 5,000 in 1973 to over 70,000 in 1999. Many of its patients are union members. As of 1999, it had 15 per cent of the market share. The cooperative aims to improve on this figure.

Denticare is no longer under threat of closure, as it was in the mid-1970s. In 1992, its turnover passed the $1 million mark, and it achieved a surplus of $200,000. In 1998, its turnover was $5.6 million, and its surplus, $610,000.

Since 1997, Denticare has also pursued the policy of owning the clinics from which it operates in order to reduce operating expenses and shield itself from rental fluctuations. It now owns three of its clinics at Parkway Parade, Orchard Midpoint and Bukit Merah.

Conscious of the need to improve the quality of its service, Denticare has sent its professional staff for further training. And feedback from patients has been encouraging. A survey in 1993 showed that 90 per cent of the patients rated Denticare's service as good or excellent.

A helping hand from Denticare

Denticare bases its charges on the median of HDB practices, which are lower than the fees of dental clinics in the city area. Denticare clinics are conveniently located in town centres but prices are not pegged to town charges.

Union members pay 10 to 33 per cent below this median pricing. Similar discounts are given to Income policyholders as well as citizens aged 60 years and above. Residents of homes affiliated to the National Council of Social Services are entitled to the same discounts. For patients facing financial hardship, Denticare offers free treatment.

In 1998, these discounts cost Denticare $700,000. As Denticare joined other cooperatives to reduce costs further during the economic downturn, the total discounts for 1999 came to $765,000.

Denticare offers quality treatment at rates within the means of lower income workers. If workers go to government dental clinics, they would have a long wait of up to two years for specialist treatment. If they turn to private dental surgeons, they have to pay much more for such treatment. So Denticare meets the needs of workers, whether they require simple or complex treatment.

FairPrice

Welcome to FairPrice

To help moderate the cost of living in Singapore through our retail and trading activities

Crowds jostled to get into NTUC Welcome in Lorong 4, Toa Payoh, when it opened for business in July 1973. Doors had to be closed every three hours to allow those already inside to do their shopping and leave, before another batch was let in. And this went on for several days. Many union members volunteered to do crowd control duties.

The big turnout was not a surprise. The oil crisis had led to double digit inflation, made worse by profiteering. So people were pleased to find basic items being sold at prices much lower than elsewhere. But, for NTUC Welcome, it was just the start of a long battle against widespread profiteering. And the outcome was far from certain.

Just as they could jack up prices at will, traders could do just the opposite – to put the cooperative in a spot. Since they knew which were the more popular items at the cooperative, they could cut prices for these items. One particularly hot item was rice. This

Straits Times picture

was because rice was then in short supply. What if the shortage was over? Would shoppers still patronise Welcome in such numbers?

The consumer cooperative knew that it could be of service to society only if sufficient numbers chose to become its shareholders. Fairweather customers could so easily turn to other places offering more attractive discounts, never mind the quality of the merchandise.

NTUC Welcome was established as a consumer cooperative, not a *pasar malam* (an open-air night bazaar) for people to pick items at rock-bottom prices. It had to be run on a commercial basis, and its pledge from Day One was to offer items at fair prices. Welcome had to be profitable; otherwise, it could not fulfil its social obligation to moderate the cost of living.

For too long, Singaporeans had been taken for a ride by unscrupulous traders. It was not just the high prices. All too often, people were short-changed because the weighing machines had been tampered with or food had been adulterated. To check such malpractices, the NTUC set up the Consumers Association of Singapore (CASE) in 1971.

It was CASE that did the groundwork for the establishment of Welcome. It did a lot of studies on how various supermarkets priced their items. But as a price watchdog, CASE could only do so much. What was required was an organisation like Welcome to go into the market place and benchmark prices. As Mr Ivan Baptist, Executive Secretary for CASE, explained:

"The function of a cooperative is to set a benchmark for prices. Competitors will then price their goods a little higher or lower. The benchmark should stop other shops from pricing their goods too much above the norm. But if they price them below the benchmark, then consumers benefit."

To bring on board as many Singaporeans as possible, each Welcome share was pegged at $50. All that was required was a $5 down payment, with the balance settled over a two-year period. With just one share, a member would be entitled to rebates on whatever he bought.

Unions such as the Singapore Manual and Mercantile Workers' Union (SMMWU) and the Singapore Industrial Labour Organisation (SILO) persuaded employers to pay for one share for each of their unionised workers. A Welcome Development Committee was formed to spearhead the drive for more members. PAP MPs and union leaders were in this committee. Newly-elected as MP for Kim Keat, Mr Ong Teng Cheong also went house-to-house in his constituency to enrol members.

A mass membership campaign was held at the location of the supermarket, one month before its official opening. Mr Lim Kim San, Minister for the Environment and Chairman of Welcome's Board of Trustees, urged people to do their part to fight profiteering by joining the cooperative. While the government could do little to check the rising cost of living because of the worldwide inflation, it could, with the help of consumers, prevent prices from soaring higher.

Noting a significant number of women in the crowd, the Minister said it was a reflection of their concern, as housewives, at the rising cost of living. Many people had wondered why the government, which had overcome tougher problems such as housing, water and unemployment, had made no move to control the cost of living.

Mr Lim said it was because we imported most of our food items. Although we did manufacture some products, we had to import the raw materials. For example, we made soy sauce but the beans came from India. Because of worldwide inflation, we could do nothing about prices of imported products. But with the help of consumers, we could prevent prices from going higher. Together, we could fight profiteering.

The NTUC Welcome supermarket in Toa Payoh would force shops in the surrounding area to also sell products at fair prices, if they wanted to remain in business, the Minister declared.

Exposing profiteering

In his speech at the opening of Welcome, Prime Minister Lee Kuan Yew referred to several consumer supermarkets that were set up in the late 1940s and early 1950s. They all failed. And he gave three reasons for their failure.

First, these early consumer cooperatives did not have professional and efficient management. Second, wholesalers denied them fashionable goods in great demand. Third, the cooperative shops did not have enough support from the people. In those days, the people lacked the spirit of community effort to protect community interests.

NTUC Welcome must be different, said the Prime Minister. It was going to be efficiently managed, just like any commercial supermarket. There would be competitive prices, good display of popular items, strict control on shoplifting and proper accounting. Run in this way, Welcome would attract more customers. And more of them would join as shareholders.

The Prime Minister made it clear that any goods found in any other supermarket could, and would, be found in Welcome, if buyers wanted them. He warned wholesalers that if they withheld any popular goods from Welcome, they would be bucking not only the labour movement but also the government.

On why Welcome must succeed, PM Lee said it would allow people to know the truth about profiteering. He said: "If this supermarket is well-supported and well-managed, we shall know what the wholesale price is, and what the retail price, with profit, can be. Then we shall have a yardstick to measure by how much other retailers are putting up prices. We shall know definitely whether they are profiteering, or whether they cannot get the goods at normal wholesale prices because of market manipulation, by wholesalers or other middlemen."

In a message on Welcome's first anniversary in 1974, PM Lee described inflation as one of the most intractable problems in the world. It was getting bad before the oil crisis. It had become worse after the price of oil went up four times from January 1974. To keep down profiteering, people must become more alert, more conscious of what they could buy at what prices and at which places.

PM Lee said Welcome had successfully set up a norm for prices of many goods, like rice, sugar, detergents and other daily necessities. If more people bought from Welcome, it could expand its range of goods and lower prices. Larger turnover could lower overheads and cut costs through bulk purchasing. The Prime Minister added:

"People rightly complain about profiteering. They can now do something about it. Buy from Welcome co-ops to keep prices down. Join Welcome and get annual dividends. Welcome deserves to succeed."

While Welcome's sales turnover was highly gratifying, what was far from gratifying was the small number of people who had signed up as shareholders, said Mr Devan Nair, NTUC Secretary-General. When Welcome started in July 1973, there were just 4,500 individual members. After one year, the number had risen to just 9,800. Only these 9,800 would enjoy patronage rebates, not the many thousands who had shopped at various Welcome outlets.

Mr Devan Nair also drew attention to the social role of trade unions. They had invested in Welcome even though they knew they would get, at best, 6 per cent interest, as a cooperative was not allowed then to grant a higher interest. If the unions had left their money in commercial banks, they could get as much as 10 per cent. But the unions were prepared to take the loss for a larger social benefit.

Unions would also not qualify for rebates, as only individual members would enjoy this benefit. So Welcome brought only moral success to trade unions, not financial success, said Mr Devan Nair.

Within one year, Welcome had opened two more supermarkets – one in Bukit Ho Swee, the other in Serangoon Garden Estate. By the end of 1974, another supermarket was in operation – at Peace Centre in Selegie Road.

The Singapore Industrial Labour Organisation (SILO) and the Pioneer Industries Employees' Union (PIEU) had also started their own supermarkets. They, too, sold items at low prices. Together, the NTUC Welcome and the SILO/PIEU cooperatives exerted sufficient pressure for other traders to drop their prices. Singaporeans as a whole benefited, even those who never stepped into any of the union cooperative stores.

When PM Lee opened NTUC Welcome's seventh supermarket, in his Tanjong Pagar Constituency in November 1976, he said that there was now a network to check on the cost and profit margins of all essential commodities, like rice, noodles, milk powder, cooking oil and detergents.

As prices of food had fallen 6.4 per cent in 1976 compared to a year ago, there was no excitement and little interest in food prices. But only three years earlier, prices of food were skyrocketing. It went up about 49 per cent between 1972 and 1973. This was mainly due to bad harvests around the world. And with shortages, some wholesalers and retailers began hoarding and pushing prices up further.

The Prime Minister said Welcome supermarkets and consumer clubs in various constituencies must keep going. They had become a useful defence mechanism against profiteering when supplies for essential items, like rice, became scarce and prices shot up. Once in several years, world harvest would be poor either because of drought or flood. Then prices would shoot up, and shortages would be made worse by hoarding, speculating and profiteering. Welcome supermarkets kept prices of essentials low by cutting profit margins. So other supermarkets and shops had to do likewise.

PM Lee then repeated his call, first made when he opened the Welcome supermarket in 1973, for small shopkeepers to pool their resources and set up their own supermarkets. Otherwise, they would lose out.

Extending benefits to more people

From the start, Welcome took great pains to assure neighbourhood shops that it was not out to force them out of business, or to stop them from making profits. It even came up with a scheme, under which selected provision shops would sell essential items, supplied by Welcome, on commission. The only condition was that the items should be sold at fair prices that it recommended. Hence these shops became known as Fair Price Shops.

The scheme started with 18 shops in the East Coast. The number of Fair Price shops eventually topped the 1,000 mark. Many people were happy with the cheaper basic items. But Welcome received many complaints that these Fair Price Shops were selling non-essential items at too high a price.

As Welcome had no say on prices of non-essential commodities sold in these outlets, the cooperative asked the shops to remove the Fair Price signs in 1982, though it continued to supply essential items to these outlets. In fact, the range of products supplied to these provision shops were widened to include toiletries, canned food and canned milk.

There was another, more compelling, reason why Welcome wanted the shops to take down the Fair Price signs. This was because Welcome was about to merge with the SILO/PIEU consumer cooperatives to become NTUC FairPrice.

The merger of the cooperatives made economic sense. The larger entity would be able to get better terms from suppliers. In turn, they could bring down prices at the retail end. Earlier, the SILO and PIEU cooperatives had merged to become the Singapore Employees Cooperative Limited (SEC), with Mr Goh Chok Tong as Chairman of the Board of Trustees.

SEC gained a lot of ground by offering quality goods at low prices. It went beyond basic commodities. SEC ran two self-service coffee shops as well as home appliance showrooms, where workers could buy television sets, hi-fi sets, washing machines, cookers, etc, on credit.

NTUC Welcome, too, was going to diversify its range of products even as it kept basic items affordable for the lower income. It had also started importing rice from Thailand to stabilise prices and to ensure that no cartel could create an artificial shortage to push up prices.

May Day 1983 saw Welcome and SEC merging to become NTUC FairPrice. The new entity had under its wing 33 supermarkets, four home appliances showrooms (one selling furniture as well), two self-service coffee shops, a printing workshop and a trading division.

With the merger, FairPrice emerged as the largest supermarket chain. It started with more than $26 million in capital and reserves, giving it a strong financial base to build on.

FairPrice everywhere

Inaugurating NTUC FairPrice, Mr Ong Teng Cheong, Minister for Communications and Labour, spoke of how Welcome, and SILO and PIEU cooperatives had been formed in the early 1970s to combat inflation and profiteering in essential consumer goods.

Mr Ong, who was about to assume duties as NTUC Secretary-General, noted that inflation was now under control, and profiteering minimised. Instead of reducing its operations, the NTUC consumer cooperative intended to expand further and


NTUC Fair Price
Straits Times picture
Price

upgrade its operations at the same time. The aim was to have an NTUC FairPrice supermarket in each constituency.

The formation of FairPrice would enable the labour movement to become even more effective in lowering the cost of living in Singapore. Towards this end, it had committed itself to offering reasonably low prices and good quality for its products. "All workers in Singapore have benefited, and will continue to benefit, from FairPrice's operations," said Mr Ong.

What's a fair price?

Opening FairPrice's supermarket at Hougang in December 1983, Mr Goh Chok Tong, Minister for Defence and Second Minister for Health and Chairman of FairPrice's Board of Trustees, posed this question: "Has FairPrice kept its word to price its goods fairly?" In his view, its customers were the best judges. He said:

"Recently, a customer complained to the press that a medicinal product which he bought at a FairPrice supermarket was grossly overpriced. To me, that was news. Obviously, to the newspaper, that was also news. Otherwise, it would not have published the reader's fairly long complaint.

"Other supermarkets, department stores and even provision shops sell goods which are often higher priced than FairPrice supermarkets. But they don't make news. If they do, the press either does not publish the complaints or leaves out the name of the supermarket.

"The public, therefore, expects FairPrice to price all the goods the same or lower than anyone else. Whether this is a fair or realistic expectation is debatable, but it is a fact. You can sell items lower than anyone else, but if one item is found to be higher priced, it will be noted, and publicly pointed out, which is not a bad thing really.

"The management of FairPrice has told me that it will be grateful for such feedback, for its mission, indeed, is to keep prices low."

After Mr Goh raised the issue of prices, CASE made yet another survey of shop prices. The survey, covering 26 supermarkets, showed that FairPrice offered the best value for money.

It is not always possible for FairPrice to sell an item, even an essential commodity, at the lowest price in town. The more perceptive shoppers know that, with patronage rebates and NTUC LinkPoints, they would get more than a fair deal. (No other supermarket in Singapore offers shoppers patronage rebates.)

FairPrice's Board of Directors recommends the percentage of rebates each year, subject to approval by members at the annual general meeting. For the past few years, FairPrice has declared a 5 per cent rebate. So a member who bought $1,000 worth of items from FairPrice in a year would get back $50. Since 1983, FairPrice has given back to its members more than $250 million in rebates.

Housebrand products

In the mid-1980s, CASE began to call for sale of generic goods. As no fancy package or advertisement would be involved, such brandless items could be sold at a cheaper price, to the benefit of consumers.

As generic products were becoming popular in the West, CASE was convinced it would catch on in Singapore as well. The trouble was that consumers tended to be bowled over by advertising claims, which, in some cases, could be misleading.

In support of brandless products, *The Straits Times* ran an editorial under the heading: *It pays to be plain*. The newspaper said:

"Making white whiter, colours brighter and clothes smell cleaner is an expensive game for detergent companies. Costs seldom arise from research and development into better products. Instead, up to a dozen brands of detergent are sometimes produced by the same factory. They go through the same chemical processes but merely end up in different boxes and packets. The nature of the product is such that it cannot be made economically on a small scale by a dozen factories, each with its own variation of the same formula…

"Savings can be substantial, for the trade as well as for consumers. The services of copywriters who think up catchy captions and packaging designers who produce illusions of quality can be extremely costly. Experience has shown that deleting words such as 'luxurious' from the description of a soap can cut prices for consumers by up to 60 per cent, meaning manufacturers save much more. Doing away with the picture of an actress on the packaging produces similar effects. But for those in the trade, a successful advertising campaign can also bring greater rewards. Some can sell 'brand name' products at exhorbitant prices, although they are only slightly better, no different or even worse than others."

Over the years, FairPrice has increased the number of its housebrands. Starting with rice, sugar and bread, FairPrice housebrands now include items like margarine, cheese and detergents. They are of good quality but are sold at about 10 per cent cheaper than branded counterparts. Today, FairPrice has more than 400 housebrand products.

FairPrice to the rescue

In January 1991, the threat of an outbreak of hostilities in the Gulf Region led to panic-buying in Singapore. People stocked up essential items such as rice, sugar and milk powder as rumours spread of an impending food shortage. While profiteers tried to cash in, FairPrice moved quickly to reassure people that there were ample supplies of essential items available.

FairPrice staff worked overnight to replenish stocks. Lorry loads of supplies were rushed to various outlets, sometimes three times a day. FairPrice even hired 10 giant containers to ferry goods from godowns to outlets. Stores extended their closing time.

As FairPrice General Manager, Mr Lim Ho Seng kept assuring the people – at the stores and through the mass media – that FairPrice had ample supplies. He said: "We have several months' stock of rice in our warehouse. We had just placed an order for another two months' stock. So there is no need to rush and buy things."

The Ministry of Trade and Industry, CASE as well as the Provision Suppliers' Cooperative issued statements to reassure people of ample stocks of rice and other essential items.

The stampede continued. Branches reported a high turnover of essential foodstuffs, such as rice, sugar, cooking oil, milk powder, instant noodles and canned food. In some cases, sales quadrupled.

Throughout it all, FairPrice maintained normal prices. As the biggest importer of rice, FairPrice was well placed to frustrate attempts by profiteers to take advantage of the situation. In less than a week, the situation returned to normal here even as fighting broke out between American-led forces and the Iraqis.

But Mr Lim, who retired in 1997 as CEO of FairPrice, had a word of advice for all Singaporeans: "It is good to have some basic foodstuffs in the house at any time to meet emergency needs. We should acquire these things during normal times and not wait until trouble comes."

When the government introduced the Goods and Services Tax (GST), there were fears that prices would go up. FairPrice was quick to announce that it would absorb the GST in the initial period. It then went on to identify a basket of 111 essential items. FairPrice pledged to keep at least 90 per cent of the items at the lowest prices. Overall, the items in the basket would be sold at the lowest prices.

During the economic downturn in 1998, FairPrice slashed prices of 121 essential items including rice, sugar and cooking oil. The cuts, ranging from 5 per cent to 30 per cent, were maintained for two years. And they cost the cooperative more than $11 million.

Commending FairPrice for its role in keeping Singapore's cost of living low, BG Lee Hsien Loong, Deputy Prime Minister, said the affordable prices of its good quality essential food items provided a safety net, especially for the lower income families. They also set the pace for other retailers to match.

"FairPrice has achieved this, not through subsidies or by selling food at a loss, but by operating efficiently and keeping overheads manageable," BG Lee said at FairPrice's 25th anniversary in 1998.

Surge for FairPrice shares

In 1991, there was a surge in the demand for individual shares in FairPrice, sparked off by talk that FairPrice might go public. The NTUC flatly rejected any notion of FairPrice going along the same path as Comfort – by corporatising itself before seeking a public listing in the Stock Market of Singapore.

As FairPrice was not in need of money, it limited the number of shares an individual could hold to 20 at $1 per share. Unions were restricted to 5,000 shares each. Mr Ong Teng Cheong found it ironic that the labour movement had to restrict the number of shares. He recalled that when he was just elected MP for Kim Keat, it was difficult to get people to buy shares of Welcome, the predecessor of FairPrice.

Following numerous requests from individuals and institutions to buy more FairPrice shares, the cooperative decided in 1997 to relax the restrictions on shareholding. Individuals could now buy up to 1,000 shares. There was no limit for institutions such as unions.

FairPrice has grown bigger. Survey Research Singapore reported (in 1996) that FairPrice had a 50 per cent market share when compared with major supermarkets in Singapore, and at least 25 per cent share of the total market, if provision shops and wet markets were thrown in.

In recent years, FairPrice outlets have taken a new look. The first of the new generation stores was opened in Tampines Mall at the end of 1995, followed by one in Jurong Point in 1996. They are more spacious, better laid out and have soft lighting. Today's consumer wants to shop in comfort and in pleasant surroundings.

But whether you shop at a new generation store or an old one, the price of the grocery is the same. While recognising the need to keep pace with the changing lifestyles of Singaporeans, FairPrice remains committed to its social mission, which is to help moderate the cost of living in Singapore.

Fulfilling social mission – and more

For 1999, FairPrice undertook to keep the lowest prices for at least 90 per cent of a basket of 111 items. It also pledged to provide better value for money to consumers by continually introducing more housebrand products.

In March 2000, FairPrice's report to the NTUC showed that it had achieved 90.5 per cent for the number of lowest-priced items in its basket. As for housebrands, it had added 40 more items, bringing the total to more than 400.

Not satisfied with its own assessment, FairPrice commissioned an independent research company to conduct an unbiased price survey among retailers. The result confirmed FairPrice's position as the industry leader in giving value to consumers.

In a sample of 300 commonly-bought products, FairPrice was ahead of Carrefour, Shop N Save and Cold Storage, with 59 per cent of the lowest priced items. FairPrice carried the least number of highest-priced items, only 5 per cent, far less than other supermarkets.

But FairPrice wanted to do more for 2000. So it expanded the basket of low-priced essential products from 111 to 200. The items in the basket are identified as "Everyday Low Price" items. FairPrice is committed to keeping the price of the entire basket the lowest, or at least 90 per cent of the items in the basket as the cheapest in town.

Beyond keeping prices as low as possible, FairPrice has done a lot of things to improve the social well-being of workers and their families. Two of its most enduring social projects are the Used Textbook Scheme and the Heartstrings Buys.

Every year, FairPrice encourages customers to donate used textbooks for children from needy families. A similar project was started by Welcome in 1974, but it was limited to just its Toa Payoh outlet. FairPrice expanded and improved on the scheme. FairPrice also raised millions of dollars for the Community Chest through the Heartstrings Buys, a programme done in collaboration with its suppliers.

Apart from sponsoring many of the activities of the NTUC and its affiliated unions, FairPrice also donated $2 million to the SLF for the NTUC Pasir Ris Resort.

Taking on global retailers

The retail market has become even more competitive with the entry of worldclass giants. Several supermarket chains have collapsed. But FairPrice has not only held its own, but expanded its market share. This is because Singaporeans take pride in FairPrice as their very own supermarket, one that has a social conscience, said Mr Tan Kian Chew, CEO of FairPrice.

Another factor in FairPrice's favour is its good relationship with suppliers. In an interview marking the 25th anniversary of FairPrice, Mr Tan said: "They are more than just suppliers to us. In a true sense, they have become our partners in business. They can be counted on for support. In all negotiations, we have always aimed for win-win situations."

Mr Tan went on to say that while FairPrice sought to build closer ties with suppliers, it was its social responsibility to obtain the best deals for its customers. FairPrice would not relent on this objective. If necessary, it would import directly.

On the whole, FairPrice's suppliers appreciate its social role and have backed the consumer cooperative. They have committed to giving FairPrice the best deal so that it can pass on the savings to customers.

On FairPrice's formula for success, Mr Tan said: "We just have to set our fundamentals right and stick by them." He knows what he is talking about. He has been associated with FairPrice since its inception. He was a Deputy Director in the Ministry of Trade and Industry (MTI) when he was appointed a member of FairPrice's Board of Directors. After a spell in the NTUC, he was posted to FairPrice.

Back in 1984, when CASE was promoting brandless products, Mr Tan was quoted in *The Straits Times* as saying that branded goods were more expensive because of the elaborate packaging and advertising involved. He was then still with MTI. Since he worked full-time in FairPrice, Mr Tan has made it a point to enlarge the items sold as housebrand products.

Why big is beautiful

Yes, FairPrice has made it big. Its turnover has topped the $1 billion mark. On why size counts, Mr

Chandra Das, present Chairman of FairPrice's Board of Directors, said: "If we had not grown bigger, we would have been killed by the foreign retailers. Do you think they have an obligation to sell to you at low prices?

"Had it not been for FairPrice, prices of essential food items would have been much higher than they are now. This is because we set benchmark prices for 200 essential items."

Mr Chandra Das, who was a member of Welcome's Board of Directors, said FairPrice was owned by 400,000 Singaporeans holding shares of $20 to $1,000 each. FairPrice has succeeded because it is run like a commercial enterprise, but with the advantage of having these 400,000 loyal customers.

To better serve the needs of various market segments, FairPrice started niche marketing in 1998 with the launch of Liberty Market. An American-theme store, Liberty Market stocks a wide variety of products from the United States and targets the expatriate community as well as the well-travelled cosmopolitan Singaporeans.

FairPrice also set up a separate subsidiary company to operate a chain of convenience stores under the banner, Cheers. Cheers' customers are younger and trendier who value convenience above all else. Aiming to open 100 convenience stores islandwide, Cheers formed a joint venture with SMRT Investment to jointly operate Cheers stores at MRT stations. Cheers also plans to start a Cheers franchise soon.

On overseas expansion, FairPrice has always been exploring possible business ventures abroad to further its growth. In fact, FairPrice had set up stores in Malaysia and Myanmar in the mid-1990s but due to unforeseen circumstances, it decided to withdraw its operations from these two countries. In Indonesia, through a technical assistance agreement, FairPrice has successfully helped its Indonesian partner to set up a chain of profitable supermarkets in Surabaya.

FairPrice has made good because of the dedication and support shown by its staff and the Food, Drinks and Allied Workers' Union (FDAWU), which represents its bargainable staff. Mr Tan Soon Yam, FDAWU's General Secretary, served for many years on FairPrice's Board of Directors. He is now on its Board of Trustees. There are three unionists on the Board of Directors.

But while union leaders serve on the Boards of Trustees and Directors, the business side is run by professionals, many of whom are co-opted from the private sector. Mr Chandra Das noted that in many other countries, the unions wanted to run the business themselves, and many had fallen flat.

As a market leader, FairPrice has introduced many value-added services. It has worked with DBS Bank to provide supermarket banking at some of its bigger outlets. Shoppers can withdraw cash at these supermarkets while checking out their groceries. They can also do other basic banking transactions.

The first two such supermarket banking centres are at Hougang Festival Market and Sengkang. They

FairPrice has worked with DBS Bank to set up POSB centres at its outlets to provide shoppers with basic banking services. Mr Lim Boon Heng launching the first of such POSB centres at Hougang.

Mr Chandra Das and Mr Seah Kian Peng from FairPrice showing Mr Abdullah Tarmugi, Minister for Community Development and Sports, the basket of 200 essential items it maintains at the lowest overall price in Singapore.

are known as POSB Centres because POSB provided such no-frills facilities before the bank was acquired by the DBS.

At the opening of the POSB centre at Hougang Festival Market in July 2001, Mr Lim Boon Heng, NTUC Secretary-General, touched on the need to ensure that workers with small accounts would continue to have access to basic banking service. He said the new service would bring convenience to people who can do banking transactions and do their shopping under one roof. FairPrice's collaboration with DBS was an example of how cooperatives could meet the social needs of the people.

By the end of the year, DBS would have installed ATMs at all FairPrice supermarkets.

FairPrice is geared to meet the exciting challenges ahead. It will continue to harness technology to enhance operational efficiency – and it will continue to work hand-in-hand with trade unions to moderate the cost of living in Singapore. And it will do this by offering essential items at fair prices.

Reflections

Selling supermarket to shopkeepers

As Income and Comfort got going in 1971, it was clear that a consumer cooperative had to be set up as soon as feasible – to tackle rampant inflation. After oil prices went up, shopkeepers lost little time in pushing up prices of basic items such as rice, cooking oil and bread. Overnight, a loaf of bread cost 5 cents more. It cost more to drink coffee and soft drinks.

Most badly hit were workers, especially those in the low income group. In a statement, the NTUC said a number of shopkeepers were only too eager to cash in and make a quick buck under the slightest pretext. The labour movement was particularly angry with oil companies. In its view, the oil companies could have absorbed the additional cost of petrol.

The NTUC warned that if workers found it difficult to meet the rising cost of living, they would want their unions to ask for a general wage increase, and this would undermine economic recovery.

With inflation rising in 1973, the NTUC called on Singaporeans to support CASE. Given mass backing, CASE could make its presence felt. If necessary, CASE could even organise a mass boycott of profiteers.

But the NTUC knew that the answer to inflation and profiteering was for the labour movement to have a presence in the marketplace. Mr Devan Nair took command of the situation. He formed a three-man team comprising himself, Mr Eric Cheong, a unionist and MP for Toa Payoh, and Prof Tom Elliott, a labour activist.

Together, they worked with Mr Ake Torner from the Swedish Cooperative Centre, and identified Toa Payoh as a location for the first of NTUC's supermarkets. Toa Payoh had a good mix of residents from 1-room to 4-room flats. The location picked was also near a bus interchange, two cinemas, a shopping centre and a library.

For Mr Cheong, it meant having to calm the fears of shopkeepers who were his constituents. Mr Cheong, who was Secretary to the Welcome Cooperative, told the shopkeepers that it was not coincidental that only one or two shops were within 100 metres from the supermarket.

Mr Cheong said the shopkeepers should continue to offer customers credit and make home deliveries, things the supermarket could not do. He also urged them to buy from the supermarket instead of from their usual suppliers, as this would allow them to make savings.

It was a relief for the MP that he was able to win over the shopkeepers about locating NTUC Welcome's supermarket in Toa Payoh. Among the thousands who thronged the supermarket were shopkeepers who bought things that they later retailed in their outlets, for a small profit.

Said Mr Cheong, who was also NTUC Secretary for Cooperatives and Secretary-General of SMMWU: "The setting up of Welcome changed the mindsets of many employers, who previously viewed trade unions as hostile and unreasonable. Now they saw unions as responsible and caring, and a good partner in business."

Fairdeal

Farewell to Fairdeal

To sell school textbooks at least 10 per cent below their list price

NTUC Fairdeal came into the market in 1974 with a mission similar to that of NTUC Welcome. As Mr Devan Nair said: "Just as Welcome has been able to curb excessive profiteering in the grocery trade, so we intend that Fairdeal will exercise the same effect on the school textbook market."

And Fairdeal did just that. It forced down, and then stabilised, prices of textbooks, much to the relief of many parents. It did this by buying, storing and selling books on a cooperative basis.

As a cooperative, Fairdeal's primary objective was not to make a profit out of its transactions. Books would be sold at a level that would cover distribution costs, said the NTUC chief.

Fairdeal started with bookshops in eight schools. The number rose as the cooperative showed that students stood to benefit if they bought textbooks from Fairdeal. But the NTUC made it clear that it was not its intention to monopolise the book-selling trade. Mr Devan Nair said:

"In our view, there is plenty of room for private booksellers and for our cooperative. We shall claim no special privileges. All we hope to do is to offer a fair deal to all who need to buy school textbooks by establishing reasonable profit margins and set an example that private booksellers will be obliged to follow if they want to remain competitive. In this way, we hope to minimise, if not altogether eradicate the annual exploitation of students and their parents."

Mr Ong Pang Boon, Education Minister, accepted the position as Chairman of Fairdeal's Board of Trustees, with Mr Devan Nair as Deputy Chairman. Mr Low Guan Onn, a leading businessman, became the Chairman of the Board of Directors.

Fairdeal came up against obstacles from an unexpected source. Some schools preferred to deal with private booksellers than with the cooperative. This was because private sellers paid fees and made donations to their schools. To counter this, Fairdeal offered to donate 3 per cent of the proceeds of each bookshop to fund school projects. In the end, it was able to operate from 27 schools.

Fairdeal targeted the lower and middle income families who found the end-of-the-year book purchases a financial burden. And it served these people well, not only by selling books more cheaply, but by getting private bookshops to lower their prices as well.

In 1981, it was decided to close Fairdeal. Explaining the decision, Mr Ong Pang Boon said Fairdeal was closing not because it was an unsuccessful economic venture but because it had accomplished its mission and with the development of events, this mission could be "better achieved by other means."

For example, the Education Ministry had started to issue lists of approved textbooks, with recommended prices, and no bookshop would be allowed to sell them above the recommended prices.

The Educational Publications Bureau Pte Ltd, a wholly-owned governnment company, was providing cheap textbooks and stationery.

Helicon Holdings Pte Ltd, a government-owned company, and the Curriculum Development Institute of Singapore had helped to maintain a supply of reasonably-priced textbooks.

So, having fulfilled its mission, Fairdeal made an honourable exit.

Media

Without fear or favour

To promote a better understanding of labour and current issues, and to enhance the image of the labour movement as a whole

When the NTUC launched its monthly journal called *Perjuangan* (*Struggle,* in Malay Language) in November 1964, the Secretary-General himself took on the job as the Editor. And Mr C V Devan Nair made it abundantly clear what kind of a publication it would be. In the maiden issue, he said *Perjuangan* aimed to act as guardian of the interests of democratic trade unionism against encroachments by the enemies of the State, as well as reactionary elements within the State. He went on to say:

"Our columns shall have unflattering things to say about those in authority. And that is as it should be, for as a democratic labour movement, we shall value our institutional independence of the government, or of any political party. Our criticisms, whenever we make them, will be constructive in intention. They may or may not be devastating in effect, but they will not degenerate into petty abuse nor into platitudinous phrase-mongering.

"We shall neither flatter nor abuse. We shall neither bully the weak nor cringe before the powerful. We shall neither be pompous nor trivial. We shall not be irresponsible, but neither shall we stooge for anybody. Our aim shall be two-fold. On the one hand, we shall keep labour informed about essential issues, so that the chaff is easily distinguished from the grain, and sense from nonsense. On the other, we shall voice the just aspirations of labour without fear or favour."

Mr Devan Nair said the trade union movement had two responsibilities. Through the cooperation of organised labour, we had to ensure the success of Singapore's industrialisation programme. Through our organised strength, we then had to make certain that labour enjoyed a fair share of the fruits of economic growth and advancement. He concluded with a call to the democratic labour movement to march forward with confidence, courage and resolution.

NTUC launches Afro-Asian Bulletin

In March 1966, the NTUC started the *Afro-Asian Labour Bulletin*. This was at the request of Afro-Asian union leaders who had attended an NTUC conference the previous year. It was to serve as a clearing house for information relating to trade union developments in the Afro-Asian World.

Welcoming such a publication, Prime Minister Lee Kuan Yew spoke of Western dominance politically, economically and socially on all of the Afro-Asian countries. "This can no longer be," he said. "Our task is to train our people in the techniques, methods and organisation of a complex modern society so that we will be able to be abreast with the frontiers of human achievements in all these spheres, which till today still remain the preserve of the developed countries of the West."

PM Lee added: "Labour in Afro-Asian countries has a special role to play in the achievement of these goals, for the economic advance registered by a developing country is directly related to the level of discipline, conscious participation, productivity and skills attained by the workers."

So every move, like the publication of the bulletin, that would enable Afro-Asian workers and their organisations to know each other better, and to pool and share experiences in their common endeavours for progress, must be welcomed.

Labour News makes its debut

In January 1972, the Pioneer Industries Employees' Union (PIEU) and the Singapore Industrial Labour Organisation (SILO) launched their own monthly journal, called *Labour News*. The two fastest-growing unions in Singapore said the publication would be a weapon in their struggle to become better workers and better trade unionists, and to organise the large army of unorganised workers in the (industrial) sector.

Commenting on the launch of *Labour News*, Mr

Ong Pang Boon, Labour Minister, said: "The cause of many industrial disputes could be attributed to the breakdown in communication between labour and management. I hope this joint PIEU-SILO journal would serve as a useful forum for the expression, and if possible, the interchange of constructive ideas on how existing channels of communication between labour and management could be strengthened, and new ones created."

In his message as NTUC Secretary-General, Mr Devan Nair said: "One aspect of trade union activity in Singapore which cries out for development is trade union journalism. It is evident that the propagation of trade union programmes of various kinds, and the dissemination of trade union views on all matters of public concern will suffer in the absence of sound and vigorous labour journalism."

In December 1976, the NTUC Central Committee decided that *Labour News* should be the official publication of the whole labour movement, and not just of PIEU and SILO. *Perjuangan* was transformed into a trade union journal, incorporating the *Afro-Asian Labour Bulletin*. *Perjuangan* carried on in this fashion until the end of 1980.

Masthead changes

Labour News itself was incorporated into a fortnightly publication known as *The Singaporean* in May 1980. In explaining the choice of the masthead as *The Singaporean*, Mr Devan Nair said the paper would carry news of interest not only to trade union members, but also to the average Singaporean worker, whether or not he belonged to a union.

In November 1986, *The Singaporean* was renamed *NTUC News* to better reflect it as the journal of the labour movement in Singapore. However, *NTUC News* continued to report and comment on national, and not just labour, issues.

NTUC has magazine with largest circulation

1987 saw the labour movement coming out with a leisure magazine – *NTUC Lifestyle*. This was in line with the expansion of social and recreational activities, following the formation of NTUC Club. *Lifestyle* is today the magazine with the largest circulation in Singapore. Its subscribers are largely FairPrice members.

From print to radio

In March 1991, Radio Heart was inaugurated by Mr Ong Teng Cheong. On the aims of Radio Heart, Mr Ong, now NTUC Secretary-General and Deputy Prime Minister, said:

"Our objective is a social one. Our radio station is to serve our fellow workers and Singaporeans as a whole. NTUC radio is set up to inform and entertain. NTUC radio hopes to reflect warmth and care. It is not going to be just a juke box with only music or a bulletin box with only news and commentaries. It is going to be a station with a feeling and a heart, with songs, music and chit-chat shows. NTUC Radio Heart is a station that can express the voices of workers

The pioneer team of DJs at NTUC Radio Heart.

better. It is a station where listeners can have heart-to-heart talks with DJs. The NTUC hopes to use the radio as a means to reach out to its members."

Mr Ong went on to say that NTUC Radio Heart would try its best to explain labour issues and other government policies in a way that workers and their families could easily understand.

Noting that some people thought the NTUC was crazy to start a radio station when there were already many stations, and advertising budget on radio was small, Mr Ong said profit-making was not the objective of Radio Heart. But if it did make money, it would be a bonus. The profit would be used to further improve programmes for listeners.

But why a radio station? The NTUC chief said that despite television, radio remained popular because of its many advantages. A $10 portable radio set could provide one with many hours of entertainment. "Many people listen to the radio when they walk, cycle, drive or ride buses," Mr Ong said. "Many housewives listen to the radio when they do their housework."

Important news could be dispatched quickly and conveniently over the radio. Mr Ong said: "We first got the news of Singapore's independence from radio 25 years ago. We also got the news of the outbreak of the Gulf War from BBC Radio on the morning of 17 January this year."

Earlier, Mr Goh Chee Wee, Chairman of NTUC Voice Cooperative, set up to operate the radio station, had given more details on why the labour movement decided to go into broadcasting. He said:

"Radio is a good channel of communication. While we may have our own publications, broadcasting would be more effective in reaching out to workers. Through it, we hope to better inform our workers on labour policies and issues. Another objective is to help boost the image of our trade unions."

Writing in *NTUC News* (1 February 1991), Mr Goh, also NTUC Deputy Secretary-General, said: "With Radio Heart, the NTUC can reach out to workers, wherever they may be, to tell them of the various things that are happening in the labour movement and in the country. Through Radio Heart, our workers have a forum where they can freely discuss issues of interest to them, especially those that affect their lifestyle, if not their livelihood...The setting up of Radio Heart is part of NTUC's overall scheme to create a new image for our trade unions – as a lively yet caring labour movement."

Stating that Radio Heart would need continuous feedback from listeners, Mr Goh urged workers to let the station know what they liked, what they wanted more of, and what more it could do to enrich their lives and entertain them at the same time.

Calls for daily newspaper

At a delegates' conference in April 1991, several union leaders called on the NTUC to start a daily newspaper. The labour movement was then having problems with *The Straits Times* about its treatment of remarks made in Parliament by a labour MP. Responding, Mr Ong said the labour movement would take measures to make its publications more effective. He added:

"We certainly can be more effective if we have a daily newspaper. In some countries, trade unions have daily newspapers. So the idea is not far-fetched. But to run a daily newspaper requires large capital outlays, and manpower. We need to study this carefully."

Radio Heart to TV Heart?

At the same delegates' conference, there was also a call on the NTUC to set up a television station. Mr Ong noted that Radio Heart had just started operations. It had received good reviews. There was plenty of scope to exploit this channel of communication to reach out to members and the public.

From radio to television was a big step, but it was a logical development, said Mr Ong. The labour movement would do so some time in the future when it had built up its financial resources.

Battle of the airwaves

Within months of going on the air, Radio Heart's Chinese station (FM 100.3) became the most popular station in Singapore, according to Survey Research Singapore. Over a one-week period, 412,000 people tuned in to FM 100.3, more than any English or Chinese radio station between 9am and 5pm.

In the first year, Radio Heart achieved a surplus. "This is a surprise as we thought it would take us several years to be in the black," said Mr Goh.

As Radio Heart celebrated its first anniversary in 1992, Mr Simon Tay, a lawyer who used to have a programme on Radio Heart, said in a short time and within its modest resources, Radio Heart had made an impact. When all-music channels seemed hot, it re-introduced the magic of radio talk. Mr Tay spoke of an active, vocal audience of listeners, who loved to call in, to make requests, make their opinions known or even share intimate secrets.

According to Mr Tay, Radio Heart had played its role in promoting things Singaporean. A lot of new music written and performed by Singaporeans "got air play". A Singapore book, written in English, was serialised over the radio, perhaps the first time ever. Mr Tay, Assistant Director of the Singapore International Foundation, noted that rival stations had reacted to what Radio Heart did. Some followed and adapted. Others started to find new niches and audiences, and this had led to new and better stuff.

The Singapore Broadcasting Corporation (SBC) lost little time in revamping its radio programmes. And a battle of the airwaves raged, to the delight of listeners who now had more choices. They had 21 stations to choose from. SBC had nine channels; Radio Malaysia, seven; Radio Heart, two; Radio Batam, two; and there was the BBC.

Radio Heart's fans turned up in force when the station began broadcasting from a studio at Takashimaya in Orchard Road in August 1993. For the first time, they could see their favourite DJs at work – through a glass panel.

SBC and Radio Heart took their rivalry overseas, with both stations participating at an international music festival organised by Shanghai Radio Station in 1993. Radio Heart's Sophia Tan from FM 100.3 won the Best DJ Award with her programme – Voices from Singapore. Radio Heart also won the Best Programme Award.

Improving NTUC's communication links

In December 1994, Mr Lim Boon Heng, who had taken over as NTUC Secretary-General, relaunched *NTUC News* and *NTUC Lifestyle.* Both publications would step up their frequency from 1995.

Commenting on these moves, *NTUC News* said:

"Is a weekly edition of *NTUC News* a prelude to the labour movement running a daily newspaper – perhaps a broadsheet to compete with *The Straits Times*? Now that we have operated NTUC Radio for over three years, are we ready to go into television – to give Television Corporation of Singapore (TCS) a run for its money?"

Some people would say these were valid questions, given observations by Mr Lim Boon Heng on media coverage of trade union matters at that time. Obviously, he was not satisfied with the coverage. He made this clear when he relaunched *NTUC News* and *NTUC Lifestyle.* Since the NTUC could not tell the media what to do, it had to make better use of its own media. So *NTUC News* went weekly, and *NTUC Lifestyle* went monthly.

This led *The Straits Times* to ask Mr Lim whether the NTUC would now bring out a daily – an idea floated during an NTUC conference in April 1991. Mr Lim said: "I am realistic. To run a daily newspaper is a massive operation requiring financial as well as manpower resources. So we have moved towards a weekly *NTUC News.* Given our resources, that's about the ideal frequency we can manage." Asked if a daily was not on the cards, the NTUC Secretary-General replied: "Not if we can help it."

Meanwhile, the NTUC was eyeing the television market. TCS was doing what it could to cater to a broad spectrum of viewers. So there were things that TCS would not air because these were targeted to a clearly focused group (eg, workers). In other words, we should have our own channels, said *NTUC News*.

Mr Lim commented on the possibility of the labour movement having its own television station when he launched NTUC Media in March 1998. The NTUC Secretary-General said: "Today, we have publications and radio stations. Today, we are already on the websites. What of tomorrow? That is one of the many challenges of NTUC Media. I am confident that Mr Goh Chee Wee, the Board of Directors and the new management team at NTUC Media will rise to the occasion."

Voice gives way to Media

NTUC Media was formed, following the restructuring of NTUC Voice. NTUC Media brought together *NTUC News, Lifestyle* and Radio Heart. As

Mr Lim Boon Heng (left) and Mr Goh Chee Wee launch NTUC Media.

Mr Lim put it: "It is yet another step we take to improve the effectiveness in putting across our messages."

It had taken the NTUC eight years to bring its publishing and broadcasting wings under one roof. When NTUC Voice was formed in 1990, Mr Goh – as Chairman of its Board of Directors - said the ultimate aim was to centralise and streamline NTUC's media and communications activities under NTUC Voice. In time, the cooperative would probably be responsible for running *NTUC News*, *Lifestyle* and other publications.

Mr Goh relinquished the chairmanship of NTUC Voice in 1993, when he was appointed Minister of State. Mr Choo Wee Khiang, MP for Whampoa, took over the post. When NTUC Media was formed, Mr Goh, now Managing Director of Comfort Group Ltd, assumed the position as Chairman of its Board of Directors, with Mr Choo as Vice Chairman.

In his speech at the NTUC Media launch, Mr Goh touched on the dual roles of *NTUC News*, *Lifestyle* and Radio Heart. One was to improve the links within the labour movement. The other was to ensure better links between the labour movement and the rest of society.

"We must maintain links at these two levels to ensure that the labour movement is seen in proper perspective, by members as well as non-members alike," said Mr Lim Boon Heng.

How to project NTUC's social role?

Mr Lim said *NTUC News* had done its bit to present mainstream trade union issues. *NTUC Lifestyle* reflected the lifestyle of our workers and their families. Radio Heart helped show that it was not all work and no play, when it came to union membership. Yet the public image of the NTUC was not what it should be. Too many Singaporeans associated the NTUC with FairPrice, or Income, or even taxis, even though Comfort had been a listed company for quite a while. Mr Lim said:

"The NTUC is more than just a collection of successful cooperatives. It is an important social institution in Singapore. It plays a crucial role in the economic and social development of the country. NTUC's affiliated unions protect the interests of workers. They represent workers in collective bargaining, in settling workplace disputes. They also pay a lot of attention to skills upgrading of workers – a critical factor in an IT age. Unions help companies to become more competitive. Our cooperatives operate successful childcare centres, and will soon move into eldercare. There is a whole list of cooperatives, each performing a social role. How then can we project such an image to the public?"

How mass media can help

Mr Lim said there would be better public perception of the labour movement only if the labour movement had the support and understanding of the mass media, to complement the work done by *NTUC News*, *Lifestyle* and Radio Heart.

The NTUC chief said he was aware that sometimes news editors from the mass media looked at issues differently from newsmakers, be they from the government, the labour movement or the private sector.

An organisation might take months to prepare what it considered as an important function. But unless the editors deemed it fit for coverage, it would get no mention – in the newspapers, or in the radio and television news. Mr Lim went on to say:

"Sometimes, the reason why the media cover an event is not because they think it is of news value, but because they want to get something from the Guest-of-Honour! Quite often, questions posed are not related whatsoever with the speech that he has just delivered!

"For example, I might be invited to present bursaries to children of members of a union representing low-income, daily-rated workers. I take the opportunity to thank the union for doing a good job. The union could well have spent the money on other things. But it preferred to spend it on bursaries instead.

"But I later find myself being quoted on the currency turmoil, or the haze, or the budget. Hardly any mention would be made of the union's sacrifice in setting aside a sum of money for bursaries. How do you think the union would feel about it?

"Not all members of the union would have been aware of the function. Only those whose children are given bursaries would have been invited, along with union officials. So the vast majority would not appreciate the good work of their own union."

NTUC Media - small but influential

With the establishment of NTUC Media, there would be immediate synergy that could be tapped. Mr Lim said: "We have more and better resources, which can be shared. We can and must improve our products. With all these, we can reach out to more people. Then they will have a better understanding of what the NTUC is all about. Each newspaper, radio station and television station has its own niche and reach. Likewise, the publications and radio stations under NTUC Media have their readers and listeners. NTUC Media may be a small player in the market, but it can be an influential player."

After its formation, NTUC Media pledged to consolidate and improve organisational efficiency whilst looking for strategic partners and more business opportunities. In his annual report for 1998, Mr Goh Chee Wee said: "We will encourage innovative partnerships, allow for flexibility and work with our clients towards creative solutions in all areas of advertising, marketing, programming and content."

At the same time, NTUC Media said it would continue to support NTUC and other community projects. It would enhance the goodwill of the NTUC and be a useful and effective means for the NTUC and all its affiliates to communicate to their members and the public alike.

NTUC Media had recorded surpluses for three years in a row, compared to losses of $1.5 million in the three preceding years. Radio Heart's listenership had also gone up, with the two stations capturing 14 per cent of the listenership market.

A strategic alliance to boost advertisements

In August 2000, NTUC Media linked up with Capital City Posters (CCP), a major outdoor advertiser, to boost advertising sales of its two radio stations. CCP is owned by Capital City, DBS Bank and Clear Channel International, which operates more than 900 radio and television stations in the United States and has stakes in 240 radio stations worldwide.

The link-up would allow NTUC Media's radio stations to collaborate with CCP and Clear Channel in areas such as programming, technical expertise and human resource, said Mr Seah Kian Peng, CEO of NTUC Media.

On to UnionWorks

In March 2001, NTUC Media announced that it would team up with SPH MediaWorks. The 50:50 joint venture, known as UnionWorks Pte Ltd, would soon be relaunching and operating the labour movement's two radio stations. Things would certainly not be the same anymore as, for the first time, the shareholders of this entity included a non-NTUC related organisation.

Mr Seah Kian Peng, the Chairman of UnionWorks, said NTUC Media could not have asked for a better partner than SPH MediaWorks. The move would further strengthen its radio operations. With MediaWorks' expertise, Mr Seah was confident both radio stations would scale new heights. He added: "It is a big win for the NTUC. We were a small player but through this venture, UnionWorks will be seen quite differently by advertisers and the public at large, and that can't be bad."

While UnionWorks would be run commercially, Mr Seah was quite sure it would be able to deliver the key messages that the NTUC wanted to put across.

Future of the mass media

SPH MediaWorks was delighted with the partnership with NTUC Media because it now had radio as one of its platforms. Would it also open the door for the labour movement to have access to television to run its own programmes, specially designed for workers?

Mr Lim Boon Heng has long pondered on the role of the mass media in upholding good values. He was not saying that Eastern values were superior to Western values, or vice versa. What he was concerned about was the erosion of good universal values, following the invasion of what he termed as ultra-liberal values from the West through television and other media channels.

In a talk to the ASEAN Confederation of

Journalists in October 2000, the NTUC Secretary-General said there were those who argued that the media offered a product, and it was up to the consumer to decide whether to buy it or not. This, in his view, would be an abdication of the role of the media. Mr Lim believed the media had a more important role than ever before. Each media house had to take its role seriously, and it should be guided by a set of values – values for the universal good.

Every business has an objective. Ask most businessmen: "What is the business set up for?" In most cases, the answer would be: "Our business exists to make money for the investors!" To Mr Lim, the correct answer should be: "The business exists for the benefit of the stakeholders – investors, employees and society."

Mr Lim readily acknowledged that there were businesses that were set up, not with profit as the primary objective, but to provide people with a better life. Of course, to do that, the business had to be profitable, but such companies considered the social dimension of what they did. Mr Lim said:

"If there is any business that needs to put the good of the people first, I think it is the media business. The media can, and do, shape the values of society. It should not be just the bottomline that counts. The bottomline is important, and it should be black, if the media are to succeed. It calls for deep moral convictions. It calls for talent.

"Today, societies have undergone deep changes. Universal values have eroded. Those who battle against such erosion have to join forces. And there are media companies that do put people first. So it is not a Utopian dream.

"It will not be an easy battle. Success is not guaranteed. It is not a battle between West and East. With globalisation, it is also possible, maybe probable, that some media groups will transform themselves into truly global companies, seeking out the best of both West and East. They will not be dominated by either West or East, but will reflect both. There is this hope. Will it come about?"

A start has been made in the formation of UnionWorks. While commercial considerations could be expected to prevail in the short term, the bottomline should be as important as the programmes and messages that its two radio stations put out, day after day, to Singaporeans in general, and to workers, in particular.

To reach out to more people, the NTUC has its own website. Here, surfers can get up-to-date information about the various activities organised by the labour movement to promote the interests of workers. They can also read statements and speeches made by NTUC leaders - for a better appreciation of the thinking behind the policies of the labour movement. The website will be enhanced in future to allow online bookings and applications for union membership.

Childcare

Every child counts

To provide affordable and quality childcare to working parents

When the NTUC took over the management of childcare centres from the Ministry of Social Affairs in 1977, it had one social mission in mind: to encourage more women to remain in the workforce. This meant that the childcare facilities had to meet the needs of a wide spectrum of the population.

Under the Ministry of Social Affairs, the childcare centres were meant for the lower income group. They were heavily subsidised. The childcare centres were just places where children were looked after while their mothers were at work. Only the older children were given some form of kindergarten lessons to prepare them for school.

While the NTUC was committed to caring for the lower income, it upgraded its childcare facilities so as to appeal to other sectors of the population. It gave more attention to the calibre of its staff. More money was spent improving facilities and the curriculum, and hiring better-qualified staff. So each year, there was a shortfall. And each year, the NTUC had to appeal for childcare funds.

In May 1984, Mr Ong Teng Cheong urged more employers to either set up creches of their own or give financial support to facilities run by the NTUC. He said the labour movement was having a hard time running childcare centres. It would be able to continue providing the service if more financial help were forthcoming.

Opening the NTUC Childcare centre at Ang Mo Kio, the NTUC Secretary-General said that overall, the centres operated by the labour movement suffered a $400,000 loss in 1983.

Mr Ong said few employers were prepared to set up their own centres because they lacked expertise or resources. But the NTUC was willing to work out a scheme under which a company could adopt a childcare centre, by contributing to its operation.

There were generous employers, too. Shell donated $80,000 to set up the Ang Mo Kio creche, and another $40,000 to meet its operating costs over a three-year period. NTUC FairPrice gave $110,000 for staff training, and NTUC Comfort, $50,000 for general expenses.

Despite the financial problems, the NTUC persevered in the childcare project to keep working mothers in the workforce, whether full-time or part-time. Without such facilities, more women would have dropped out of the job market, aggravating the already serious shortage of labour in a booming economy.

Upgrading facilities

In 1985, NTUC Childcare launched a three-year development project, with funding from the Bernard Van Leer Foundation from the Netherlands. By 1988, NTUC Childcare had a group of childcare trainers. It had set up a training centre, a resource library and a partnership programme with parents for the care and education of their children.

NTUC Childcare then went on to collaborate with the Van Leer Foundation to establish a Regional Training and Resource Centre in Early Childhood Care and Education for Asia. The centre provides training for childcare professionals in the region.

With emphasis on the child's total development in body, mind and spirit, NTUC Childcare began to work with the active participation of parents. With greater appreciation of the kind of services provided by NTUC Childcare, demand for places kept growing.

Over the years, NTUC Childcare has extended a helping hand to community groups to develop their own childcare centres. The government raised its subsidies, and helped various groups to set up childcare centres. Private sector childcare centres mushroomed. In 1992, there were almost 300 childcare centres, compared to 15 in 1977.

Converting to a cooperative

To stay ahead of competition, NTUC Childcare had to transform itself into a cooperative. At the inauguration of NTUC Childcare Cooperative in April 1992, Mr Ong Teng Cheong said:

NTUC Childcare: Then

NTUC took over the management of childcare centres from the Ministry of Social Affairs in 1977. The NTUC Childcare centres helped keep working mothers in the workforce, whether full-time or part-time.

NTUC Childcare: Today

Today, NTUC Childcare Cooperative is a leading player in the childcare industry. It still remains committed to its social role, setting benchmark prices that are affordable and competitive for the quality services it provides.

"NTUC Childcare Services has grown and developed in size, and with maturity. In order to do even better to respond to the needs of parents and to be more creative, resourceful and efficient in its operations, the NTUC has decided to convert NTUC Childcare Services from a department of the NTUC to a cooperative."

No longer offering just custodial care, NTUC Childcare has become a highly professional service for the care, development and education of young children. It is now recognised regionally as a training institution for childcare professionals. To provide support to companies that wish to set up workplace childcare facilities, NTUC Childcare runs a consultation and management service.

Dr Aline Wong, Minister of State for Health and Chairman of NTUC Childcare's Board of Trustees, said the provision of childcare was important to encourage more women to join the workforce and to have more children.

"It is no mean task for a nation to succeed in both," Dr Wong said. "Yet we must succeed, if we are to stop the decline in our population growth and to do well in the economy."

Four years later, when she presented the diploma in early childhood care and education to a group of childcare professionals, Dr Wong said: "Teachers who have gone through a rigorous diploma programme would be able to raise the standard of care and early childhood education. Through continuous training of childcare teachers, we can expect to raise the national standard of professionalism and quality in our childhood centres."

The early years in a child's life are very important formative years, and childcare teachers are instrumental in shaping attitudes, instilling values, and developing skills and a strong and healthy self-esteem in children.

NTUC Childcare rated tops by Ngee Ann Polytechnic

NTUC Childcare has to be on its toes all the time because the market is very competitive. For example, when Ngee Ann Polytechnic let it be known in 1994 that it wanted to establish a proper workplace childcare centre, seven organisations offered their services. Said Dr Tan Gee Paw, Principal of Ngee Ann Polytechnic:

"We had a childcare centre but we were not happy with the way it was being run. We train teenagers and have no expertise to give quality care to children. NTUC Childcare was chosen because it has the largest reservoir of expertise and is a leading player in the area of childcare. We were all impressed by its track record."

According to Dr Tan, feedback from the staff had been "very, very positive" and parents were excited about the centre's future development plans, which included a fun and fitness gymnastic programme for children. Dr Tan added: "The staff know that they are paying for quality care. The fact that there are now 48 staff on the waiting list after one year is already a tribute to the NTUC Childcare."

Pleased with the contract with Ngee Ann Polytechnic, Dr Khoo Kim Choo, Executive Director of NTUC Childcare, said: "Every child deserves the right to quality childcare." And she means every child, no matter who his parents are. If needs be, there is financial assistance. Now professionals, managers, executives and lecturers are sending their children to NTUC Childcare centres.

NTUC Childcare has a high-powered staff, with many degree holders including those with Masters Degree in early childhood education or related areas. NTUC Childcare has also emphasised training and upgrading of childcare educators. It has not only taken upon itself to raise the quality of its 400 childcare educators but also those from other centres.

Call for review and revision of subsidies

With more young couples turning to childcare centres rather than their parents to look after their children, it was likely that demand would exceed supply, said Mrs Yu-Foo Yee Shoon, NTUC Deputy Secretary-General and Deputy Chairman, NTUC Childcare's Board of Trustees, in November 1997.

Speaking at an NTUC Childcare Kindergarten graduation-cum-fund raising concert, Mrs Yu-Foo said there was a need to keep childcare fees affordable to those making use of the facilities.

In 1992, the government had given NTUC Childcare a grant from the 25th Anniversary Endowment Fund to help the lower income families. Only those whose family income was less than $1,500 a month were entitled to such assistance. In Mrs Yu-Foo's view, this subsidy was too stringent, as it did not address the needs of couples with more than one child in childcare centres as well as the elderly to look after. She felt it was time to review and revise the childcare subsidies given to working mothers.

More childcare places

Mrs Yu-Foo, now Senior Parliamentary Secretary, Ministry of Community Development and Sports, has continued to show her concern for the development of more childcare facilities. At a function in October 2000, she said that young couples were reluctant to have children, citing lack of social infrastructure such as childcare centres.

In response, the ministry would increase the number of childcare places by 25 per cent over the next three years. This would mean about 12,000 more places in addition to the 46,000 available in 2000. The ministry would focus on HDB estates where the demand is highest.

In its own development plans, NTUC Childcare would set up 25 more centres over the next five years (from 2000) in HDB estates. This would create 2,500 more childcare places.

Kids and computers

NTUC Childcare has started a programme to familiarise children with computers. Its aim is to equip all its centres with computers and make children computer savvy. Mr Tay Kiong Pang, CEO of NTUC Childcare, said:

"In the New Economy, we need to give a good grounding for our children from an early age and prepare them for life-long learning. Our teachers are well equipped to carry out this objective. With our new and flexible programme of childcare, we hope to reach out to more working parents."

Passing benefits to consumers

Looking at the development of the childcare industry as a whole, Mr Lim Boon Heng said that as the largest single provider, NTUC Childcare had an important role to play. As he put it:

"With couples having few children, there is a tendency for private companies to appeal to the parents' willingness to spare nothing to give their children the best. There is therefore a case for a cooperative to act as a benchmark in pricing and quality, not only for the working class but also for the middle income."

It was the NTUC that developed the childcare industry. In 1977, after it took over the management of childcare centres set up by the government, the labour movement became the only childcare operator in Singapore. But the NTUC knew that it alone could not meet the childcare needs of society. So it prompted other sectors of society to set up childcare centres. At a function in April 2001, the NTUC Secretary-General said:

"Today, childcare is a thriving industry. NTUC Childcare is a leading player. We would like to think that we have played a significant role in shaping and developing the industry. We remain committed to our social role, setting benchmark prices that are affordable and competitive, without compromising quality.

"We have benefited consumers and union members, in terms of lower prices for parents. Unlike private operators, our aim is not to maximise profits. We aim to operate efficiently, and pass the benefits back to consumers."

NTUC Childcare's pledge

NTUC Childcare believes that a young child needs to develop holistically. It believes that the child grows best in a nurturing environment, with caring and competent teachers, working hand-in-hand with parents. Its aim is to provide the opportunities, the guidance and the environment for just such a development. At NTUC Childcare, *Every Child Counts*.

Reflections

It keeps me young

In over 20 years as a childcare professional, Ms Molly Lim has seen remarkable changes in the care of children. It used to be a merely custodial service. The Cluster Principal of NTUC Childcare says:

"All we had to do in earlier days was to see to it that the children were given proper food, had time to play and rest. There was no teaching, except just before they went into Primary 1. Now it is more developmental. So more is expected of childcare professionals – in terms of training to keep up with the times.

"I have had to go for IT lessons because we have to prepare the children to be computer-literate. So I have developed new skills, too. The challenging educational policies have kept me mentally stimulated and young."

Ms Lim, who is also President of the Kindergarten and Childcare Centres' Staff Union, adds that the union has played a major role in motivating members to go for continuous upgrading.

Not lucrative but rewarding

Except for a break for further studies, Ms Puspa Sivan has been in the childcare profession since the mid-1970s. "You've got to have the passion and love for the profession to stay that long," she says. "It is not a lucrative profession but a very rewarding one, especially when you get positive feedback from children and their parents." The Principal Training Specialist at NTUC Childcare adds that as a childcare professional, one grows and continually feels challenged.

Earn through play

What keeps Ms Rohayu Nabebe going at NTUC Childcare is the enjoyable experience to see children grow from toddlers to Kindergarten 2. They are fun to be with, although it can sometimes be frustrating.

"Children learn through play, I earn through play," Ms Rohayu chuckles. Over the past 10 years, the Principal of NTUC Childcare at Ang Mo Kio has upgraded herself through courses, seminars and workshops. Parents these days are more demanding, and we have to deliver, she adds.

And thanks, from grateful parents

"Over the past two years that our daughter has been with your centre, she has changed from being a timid child to a fun loving, active girl, full of confidence in her actions."

Mr & Mrs Khoo Eng Kok
Parents, Toa Payoh Centre
28 December 1999

"My son has become so independent and progressed very well from your teachers' guidance and nurturing. You have a centre to be proud of!"

Mr Ernest Tan
Parent, Ngee Ann Centre
10 July 2000

"I appreciate the great effort put in by the teachers at the childcare centre in child development, especially in the areas of creative thinking, teamwork and problem solving. My child is more independent as a result."

Mdm Lai Meng Nuan
Parent, Serangoon North Centre
3 January 2001

"Our three children enjoyed going to the childcare centre. The pre-school curriculum meshed very well with the requirements in Primary One. Based on our children's subsequent progress in Primary One, we think it gave them at least a few months' headstart."

Mr & Mrs Chan Whye Hoong
Parents, Kim Keat Centre
15 January 2001

Healthcare

Health is wealth

Providing quality healthcare services at affordable rates

In the face of rising medical costs, the NTUC decided early in 1992 to form a Healthcare Cooperative. Just as its consumer cooperative had in the 1970s crushed profiteering in basic food items, the NTUC was confident the new cooperative would bring down prices of medical and other healthcare products. Healthcare also weighed the pros and cons of setting up medical clinics and running a hospital.

With its network of cooperatives, the NTUC appeared well placed to operate a comprehensive healthcare system. In the first place, Healthcare pharmacies could be located at FairPrice supermarkets. Income could run a medical insurance scheme for workers and their families seeking treatment at the proposed NTUC hospital. Comfort, too, had a role: operating a fleet of ambulances.

But the NTUC later decided that it was not necessary for the labour movement to run a hospital, as suggested by the government. This was after the government announced new measures to control hospital charges.

NTUC's studies into the hospital project were not in vain. They led to the labour movement adapting a pre-paid medical plan that Mr Ong Teng Cheong and his team had come across while they were in the United States.

At an NTUC delegates' conference in October 1992, the NTUC Secretary-General devoted a good part of his speech to efforts by the labour movement to help stabilise medical costs through NTUC Healthcare.

Healthcare's first priority was to set up a chain of retail pharmacies. Next, it would establish the Managed Healthcare System (MHS), a plan combining group medical insurance with medical care services. Mr Ong explained how the pre-paid system under MHS would work. He said:

"In the normal medical insurance system, a person pays a premium to the insurance company. When he is hospitalised, he makes a claim to the insurance company, based on the amount he has been billed by the hospital.

"The revenue of a hospital depends on hospitalisation and consultancy fees that it charges. Its performance is measured against its bottomline. Unavoidably, there is a tendency for some of them to prescribe more tests or treatments than may be required.

"To be fair, additional tests and treatments are sometimes carried out at the request of patients, who may have unrealistic expectations about the power of modern medicine. It is the role of the hospital to


HEALTHCARE PHARMACY
BY
MR ONG TENG CHEONG
DEPUTY PRIME MINISTER & SEC—GENERAL, NTUC
OCTOBER, 1992

moderate such expectations, and to help patients make informed choices.

"However, if a third party is responsible for picking up the bill, there is less incentive to be more prudent and cost conscious in prescribing tests and treatments. The bill is picked up by the insurance company.

"When the insurance company gets a bad deal out of this whole business, the high costs are then passed on to the subscriber of the insurance scheme in the form of higher premiums. This can result in spiralling cost increase.

"Under the MHS, the insurance company enters into a contract with a hospital to provide a good quality medical coverage to its subscribers.

"The insurance company pays a fee upfront to the hospital that it contracts with. As the fee has already been pre-paid, there is no incentive for hospitals to prescribe tests or other treatments excessively in order to earn extra revenue. Only necessary treatments will be provided. Frills or excesses will be trimmed.

"Costs are lowered, and the savings are passed to the consumers in the form of lower premiums. The insurance company can reward those who stay healthy by giving them cash rebates."

The union delegates overwhelmingly endorsed the setting up of NTUC Healthcare.

Forcing prices down from Day One

Healthcare made an immediate impact on the pharmaceutical industry. After Mr Ong opened the first pharmacy outlet at FairPrice Clementi in October 1992, other pharmacies dropped prices of their medical products.

CASE also noted that four out of five pharmaceutical products sold at Healthcare were cheaper by more than 10 per cent. For example, a packet of 24 Panadol tablets was priced at $3.65 at Healthcare, about 60 cents lower than elsewhere.

In one year, Healthcare had opened 10 outlets, mostly at FairPrice supermarkets. However, it had also established an outlet at Raffles City Shopping Centre. This was its first foray into the city centre where there was then no FairPrice presence.

Healthcare's 10th outlet was located at FairPrice in Toa Payoh. At the opening ceremony in October 1993, Mr Wong Kan Seng, Minister for Foreign Affairs and Chairman of Healthcare's Board of Trustees, reiterated that the cooperative's primary objective was to help stabilise healthcare costs and ensure that healthcare services and products remained affordable to ordinary workers.

Healthcare had set the pace for an overall lowering of prices of medical and healthcare products. Other leading pharmacies had reduced their prices. Consumers as a whole had benefited.

Mr Wong announced that Healthcare would sell prescribed drugs to more than 450 kidney patients of the National Kidney Foundation (NKF) at special prices: about 15 to 20 per cent cheaper. Healthcare could get the drugs at more favourable prices, and would pass these benefits to the patients. Dialysis patients require regular medication, and some of the drugs are very costly. By helping these patients, Healthcare would be fulfilling its social mission.

Banking on Healthcare and MHS to reduce medical costs

Welcoming the White Paper on Affordable Health Care, published in October 1993, the NTUC said it supported the government's proposal to keep a lid on healthcare costs. On its part, the NTUC would help keep the cost of healthcare down by promoting a healthy lifestyle, providing drugs at reasonable prices through the Healthcare Cooperative, and operating the Managed Healthcare System.

According to the NTUC, studies had shown that paying more for healthcare did not necessarily mean better health for the people. It believed that the most effective way of keeping healthcare cost down was through prevention. Among other things, it meant keeping fit through regular exercise and being selective in what we ate and drank.

The NTUC set up a Committee on Healthcare Policies, under the chairmanship of Dr John Chen, NTUC Assistant Secretary-General. Rank-and-file union leaders were included in the committee. Among other things, the Committee worked with NTUC Income to firm up the Managed Healthcare System, which was endorsed at NTUC's delegates' meeting in April 1994.

In Parliament, Dr John Chen, MP for Hong Kah GRC, said that sceptics felt that the pre-paid medical system worked in the United States because its healthcare expenditure was high. He warned of rising healthcare costs in Singapore and said MHS could help slow down the pace. Dr Chen added: "I believe most doctors will give patients the care needed. But MHS will make them more conscious of the need to deliver the most appropriate level of care at the least cost."

Healthcare goes for Unity

In 1996, Healthcare adopted Unity as the logo for its pharmacy chain. At the same time, it announced plans to franchise its retail pharmacy business and venture overseas. The developments showed Healthcare's growing confidence and maturity, said Mr Lim Boon Heng.

Mr Lim, NTUC Secretary-General, described the pharmacy business as a growing one, in the light of Singapore's ageing population. As people grew older, they required supplements like calcium and vitamins. They also needed certain types of equipment and were more prone to various kinds of illnesses that required regular treatment. Mr Lim said:

"As the healthcare costs to the elderly are likely to go up, NTUC Healthcare can play a part in moderating these costs. To do so, it would need to grow big enough to have economies of scale. NTUC Healthcare is positioning itself to do just that with its plans to franchise both locally and overseas."

Expansion through franchise scheme

In May 1997, Mr Lim Swee Say, NTUC Deputy

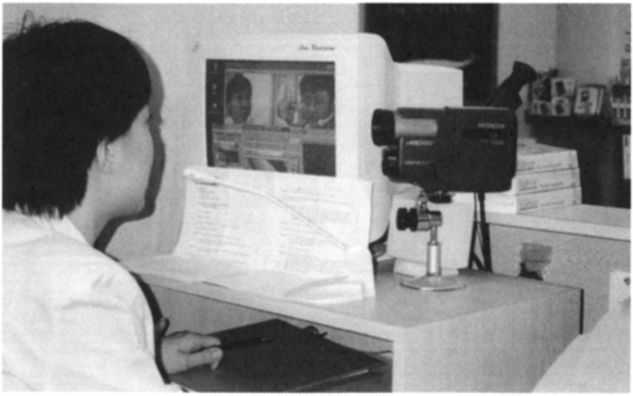

Unity
NTUC HEALTHCAR
Unity NTUC HEALTHCARE
h of Tele-Pharmacist and Official Opening of 21st
Great World City by :
Mr Lim Swee Say
Deputy Secretary-General NTUC / MP Tanjong Pagar GRC
Date : 25 November 1997

Secretary-General, officially launched Healthcare's franchise programme. He said this was consistent with NTUC cooperatives' philosophy of cooperating with outside bodies as much as possible to achieve win-win outcomes.

The scheme would allow Healthcare to share its successful marketing formula with individual operators and harness their enterprising spirit, drive and motivation. Those going into the scheme could enjoy lower cost of supplies, and economies of scale in advertising and promotions. And through it all, they remained their own bosses.

Consulting pharmacist via video

In another development, Unity NTUC Healthcare set up a tele-pharmacist project. This enables a customer to speak to a pharmacist through a video-conferencing facility, if there is no pharmacist at the outlet itself. The service links outlets without



Telepharmacist at work at Unity NTUC Healthcare.

pharmacists to those with someone on duty. It was introduced because of a shortage of pharmacists. The tele-conferencing facility shows how Healthcare is innovating to better serve its growing customer base.

Healthcare's social role

During the economic downturn in 1998, Healthcare joined other cooperatives in a $26 million package of price cuts and reliefs. On its part, Healthcare cut prices of over 1,000 commonly-used products by 5 per cent. This represented $500,000 savings for consumers.

Healthcare also launched a new range of generic products that could help consumers save as much as 80 per cent. The cooperative also committed itself to lowering the costs of long-term medications to treat those with kidney, diabetic, high blood pressure and heart conditions.

As a form of self-check, Healthcare has identified 33 commonly-used items and undertaken to ensure that this basket would be the lowest priced, compared to other pharmacy chains in Singapore.

Beyond retailing medication, Healthcare promotes health talks to educate the public on health issues. It believes that prevention is the key to reducing healthcare expenditure.

Aiming for coordinated services

Since its inception in 1992, Healthcare has played its part in helping to check rising costs of medical products and services.

Its Unity retail chain has 30 outlets in HDB heartlands and in the city. Five of these outlets are run on a franchise basis. Although it is determined to stabilise costs, Unity does not indulge in any price war. It sets its own margins and stays with them. Profits are shared with shareholders through dividends.

Union members can use NTUC Linkcard points to buy items from Unity pharmacies. This means real savings to the consumers.

MHC Healthcare, an associate company of NTUC Healthcare, runs 10 medical clinics, offering quality services at affordable rates. The clinics are located in different parts of Singapore. MHC Healthcare provides a comprehensive medical package to suit

MHC Healthcare, an associate company of NTUC Healthcare, conducts mass health screenings at subsidised rates.

the needs of individuals and employers. It also has a 24-hour hotline to respond to medical assistance including house calls and ambulance services.

An important part of MHC Healthcare's mission is to conduct mass health screenings at subsidised rates to detect health problems. This will enable a person to take preventive measures or seek early treatment. Otherwise, he may have to incur costly medical care when his condition gets worse. For the past year, more than 25,000 persons have been screened.

The Managed Healthcare System (MHS) which Healthcare operates with Income, covers 30,000 individuals. Mostly, the premiums are paid by employers.

MHS covers all three levels of care – GP, specialist and hospital care. Most other health plans do not cover GP care. MHS pays for the GP care of a company's employees.

The scheme covers all pre-existing illnesses. For workers who already suffer from illnesses such as diabetes and high blood pressure, MHS pays for their care under the group plan. All the employees need to do is declare their illnesses on the enrolment form when the employer joins MHS.

MHS guarantees coverage up to age 80. Once a person becomes an MHS member, he can remain on the scheme, even after he changes jobs or retires, by continuing to pay the premiums.

An employee's dependants can also be covered. The costs can be borne partially or entirely by the company. Alternatively, the employee can pay for MHS coverage for his or her dependants at the group rate. Payments through the Medisave are possible.

Under MHS, a member has a choice of two personal doctors. MHS has over 450 Primary Care Clinics in its network. Most other healthcare systems offer only a limited choice of doctors.

To make it more convenient, an employee can choose one doctor near his home and the second, near his place of work. If the employee wants to keep his present doctor, MHS will invite the doctor to join its network.

Healthcare's aim is to provide total healthcare services so as to contain health costs for all Singaporeans.

Reflections

What it means to run a pharmacy chain with a social motive

When Mrs Cecilia Tan, CEO of Healthcare, was senior manager of a large pharmacy chain in the private sector, she used a simple formula to set prices. How much would customers be prepared to pay for a particular item? "In the private sector, the profit motive is strong," said Mrs Tan, a pharmacist.

In 1987, Mrs Tan set up her own pharmacy chain, in partnership with a doctor. She applied the same principle on pricing. But the company did not do well – not because the pricing policy was at fault, but because the company was under-capitalised.

After three years, she withdrew from the industry. Two years later, Mrs Yu-Foo Yee Shoon, NTUC Assistant Secretary-General, asked her to consider starting a pharmacy in support of a hospital that the NTUC was thinking of setting up. The hospital and pharmacy would be operated by NTUC Healthcare. Mrs Tan agreed to join NTUC Healthcare after a discussion with Mr Ong Teng Cheong, NTUC Secretary-General.

As it turned out, the NTUC did not proceed with the hospital project as it was satisfied that government's measures to curb rising medical costs would work. But the NTUC was determined to check the escalating prices of healthcare products.

Based on her experience in her failed venture, Mrs Tan insisted that Healthcare should not start with just one pharmacy. She said: "I proposed – and the NTUC agreed – that we should have at least 10 outlets for economy of scale. As it was, we started with four in October 1992. The 10th store was opened within one year."

Healthcare's strategy was to offer lower prices to benefit all its customers instead of giving rebates to its shareholders. The aim was to compete aggressively with the major retail pharmacies and gain market share. Mrs Tan said:

"It was not easy to adopt such a strategy as the operating costs were high and the net margins thin. To just reduce by 10 per cent across-the-board would not have much impact. Instead, it would affect the viability of the whole business. It was a challenge to make the price cuts meaningful in fulfilling our social objectives and yet not provoke an all-out price war, which could finish us off.

"So Healthcare chose to cut prices aggressively for long-term medications for diabetes, heart and high blood pressure diseases, and most of the commonly used items. Special rates were offered to members of the National Kidney Foundation, the Kidney Dialysis Foundation and the Diabetic Society of Singapore.

"By sharing our long-term plans and vision with our suppliers, we were able to get preferential costs for many other products and the savings were also passed on to the consumers.

"The impact was immediate. Other pharmacies dropped their prices. In fact, Healthcare was selling medications at prices lower than even government hospitals. Although we were still a relatively small chain, the public saw us as setting benchmarks in pricing."

Next, Healthcare started to offer generic medical products. This meant more savings for customers. The difference between a generic and branded product could be as high as 80 per cent. Just as important was public education and counselling by pharmacists. Mrs Tan said:

"Everyday, our pharmacists interact with and give valuable advice to many people on the choice and use of health products. Their advice enables customers to save on healthcare costs, by selecting the correct products, by not buying unnecessarily, and by buying at the best value for money."

Mrs Tan is proud of the fact that 80 per cent of NTUC Unity Healthcare's pharmacy assistants are over 40 years old. Most of them are either retrenched factory workers or housewives returning to the workforce.

Thanks for a good and reliable service

"I paid for a bottle of Clairol Conditioner at Unity NTUC Healthcare branch at Bedok Central around July 1998, but forgot to take it away. The next day, when I returned, I was worried as the sales assistant who attended to me was not around. Nor did I have the receipt. But, the sales assistant had left word for her colleagues to pass the bottle to me when I showed up. This has left a deep impression on me about the kind of service provided by Healthcare."

Tan Cheng Kee, Colin
Block 209, Ang Mo Kio Ave 3

"On 7 March 1999, my family went to your outlet at Bukit Panjang Plaza to buy a wheelchair for my mum. We were attended by Mdm Tumi who showed us various catalogues in a friendly manner. She spent time and effort to attend to our need. We bought the wheelchair, and I would like to congratulate you for having such a model staff to serve customers."

Chan Kok Tiong
Member of NTUC Healthcare

"I was looking for a healthcare product and had contacted many people and companies without success. My last resort was to ask a pharmacist – at Unity NTUC Healthcare in Tanjong Pagar. I was lucky I met Mr Henry Koh. Although the product I was looking for was not available in Singapore, Mr Koh took the trouble to check the Internet and locate the supplier's details for me. I am grateful for his help."

Roslyn Syn
Canadian High Commission

Foodfare

Modernising hawker operations

To stabilise cooked food prices in Singapore through more efficient operations and distribution

Singaporeans are generally concerned about cost of living. So when hawker food prices shot up following the introduction of the Goods and Services Tax (GST) in April 1994, it triggered a wave of protests. Union leaders took up the matter on behalf of their members. They asked the NTUC to set up a cooperative to moderate cooked food prices.

The case for a cooperative to go into hawker business became stronger after people saw how prices remained stable in supermarkets and shops, following action taken by NTUC FairPrice. In anticipation of GST-related price increases, the consumer cooperative had pledged to keep a basket of 111 essential items at the lowest possible prices. Other traders followed suit.

It was a different story at hawker centres, where prices shot up after the introduction of GST. Hawkers also tended to round up figures. So the NTUC began a study on how it could stabilise prices at hawker centres.

What to expect from a food cooperative?

At a convention of the Singapore Airport Terminal Services Workers' Union (SATSWU) in August 1994, Mr Lim Boon Heng, NTUC Secretary-General, reminded union members that hawkers were also workers. Like wage earners, hawkers too looked forward to earning more each year so as to improve their standard of living. So the NTUC was not out to break hawkers' rice bowls.

What the NTUC had in mind was a cooperative that would work with hawkers to modernise their operations and help them keep the unit price of cooked food low. Then, hawkers could earn more, even as they sold their food at fair prices. This would benefit hawkers and consumers alike.

One year later, NTUC Foodfare was set up to moderate cooked food prices, with FairPrice as the major shareholder. Mrs Yu-Foo Yee Shoon, NTUC Assistant Secretary-General and Chairman of Foodfare's Board of Directors, said the cooperative would work with existing hawkers to improve their efficiency, so that they could provide food at reasonable prices. Cost could be reduced through bulk purchases of raw materials and ingredients. Food distribution would also be streamlined.

To achieve its aim of moderating cooked food prices, Foodfare would establish a presence in various hawker centres and food courts through a franchising scheme. For a start, it took over the running of the FairPrice coffee shops at Bedok and Ang Mo Kio. It also operated a cafeteria at Orchid Country Club.

Foodfare said it would consider giving discounts to union and NTUC Club members, including those in NTUC Retirees' Club.

The issue of rising cost of cooked food surfaced during a dialogue session that union leaders had with Rear Admiral Teo Chee Hean, Minister for the Environment, in September 1995. He said food prices went up because hawkers wanted to enjoy the things in life that ordinary workers enjoyed. Despite this, the cost of cooked food in Singapore was reasonable.

If there were many shops selling the same thing, they would have to be careful about over-charging. He was confident that cooperatives like FairPrice and Foodfare could check rising prices by providing goods at reasonable prices.

Not enough to just complain about rising food prices

When the NTUC held its delegates meeting in October 1995, Mr Lim Boon Heng reiterated the rationale for the setting up of cooperatives. The NTUC Secretary-General was replying to a unionist who wondered whether the labour movement was moving away from its traditional role by setting up new cooperatives and business ventures.

Mr Lim said that when the NTUC set up cooperatives that could make a profit, it was not moving away from its traditional role. Top priority remained industrial relations. He said: "Through industrial relations, unions help workers earn their dollars. Through cooperatives, unions help workers stretch the dollars. When cooperatives make money, unions and members benefit. So why not go into business when there is a social objective?"

In Mr Lim's opinion, it was not enough just to complain about rising food prices. Why not do something about it? The NTUC chief said each cooperative was set up with a definite social goal.

Foodfare to run entire hawkers' centre?

During the budget debate in March 1996, Admiral Teo said the government planned to sell some hawker stalls, and even an entire hawker centre, to NTUC Foodfare to help stabilise prices and serve as a marker for quality and service levels. This would allay the concerns of Singaporeans about rising food prices.

Admiral Teo was replying to an MP who expressed his concern that food prices might spiral upwards if the government were to privatise all food centres. The Minister for the Environment assured the House that a 1994 survey showed that food prices at privatised hawker stalls had risen about the same level as those from rented hawker stalls.

NTUC Foodfare welcomed the government's move. With more stalls, Foodfare could do more to influence prices, for the benefit of patrons. In an interview, Mrs Yu-Foo said Foodfare proposed to work with hawkers in two ways.

Firstly, Foodfare could collaborate with hawkers who had established themselves, and had good recipes. Foodfare would go into partnership with such hawkers to further develop their business. Mrs Yu-Foo explained: "Our food partner will provide the recipe; we will provide the management."

Secondly, Foodfare would like to offer existing or aspiring hawkers the opportunity to sell various types of food that it would be developing. So hawkers could either enter into a franchise agreement with Foodfare, or become partners. Either way, they stood to gain from a more efficient way of running their business.

Customers would benefit, too, because they would have greater choices and cooked food would be reasonably priced, said Mrs Yu-Foo.

Foodfare would team up with food technologists to standardise procedures for preparing hawker food, so that the cooperative could deliver consistently good quality food to hawkers.

Raising productivity - through franchising

With the focus on rising food prices, it could be assumed that hawkers were leading a good life. Yes, there were hawkers earning so much that they could drive big cars, own private property, and wear expensive watches and other ornaments.

In reality, the majority earned just enough to keep them going. They could not afford to buy machines to save labour. And with labour shortage, many operated as husband-and-wife teams.

As individuals, they could not get discounts when buying raw materials. So they plodded on, without applying any modern business practices. And they ended up working long hours. On bad days, they could barely earn enough to cover costs.

Among eating establishments, hawkers ranked lowest in productivity level. Based on industry feedback, their productivity was less than half that of restaurants and coffee houses. The productivity of a hawker was just 11 per cent that of an average worker in Singapore.

The solution? The Singapore Standards and Productivity Board (PSB) advised hawkers to go for franchising schemes so that they could operate as part of a bigger team.

Franchising is an arrangement that allows a successful business enterprise to spread its wings further by getting other companies to go into the same line, using the same trade name. The participating groups pay the enterprise an upfront fee for the right to use its trade name.

In a franchise, hawkers remain their own bosses

Addressing some 1,000 hawkers at a franchising forum organised by the PSB in July 1996, Mrs Yu-Foo said if they became Foodfare's franchisees, they would remain their own bosses. They would also be able to sell food popularised by other better-known food operators.

As franchisees, the hawkers would benefit in many other ways. They would not need to work such long hours. Foodfare would supply them the raw materials at reduced prices and provide them with the necessary systems, training and support. Foodfare would advertise and promote activities to generate more business for the franchised hawkers. At the same time, Foodfare would promote the hawkers' economic interests as well as encourage them to exercise thrift, self-help and mutual assistance.

Innovation - the key to greater success

In July 1997, Foodfare's first air-conditioned foodcourt, located at Choa Chu Kang, was officially opened by the NTUC Secretary-General. Referring to the controversy over rising food prices, Mr Lim said cooked food cost more not because of GST or the sale of hawker stalls but because of higher cost of labour and land.

Foodfare must be more than a socially-minded operator. It would have to innovate, exploit economies of scale, and consider the use of technology to bring down operating costs. Mr Lim added:

"There is much that Foodfare can learn from the franchise concept of Western fast-food chains. This is the way of the future for our hawker food industry. Foodfare hopes to be a catalyst to bring about these changes.

"Going McHawker way will in no way lead to less variety and creativity. Instead, franchised outlets will bring about better quality, more innovation and more variety at cheaper prices.

"Just as NTUC FairPrice is equated with being

the most reasonable supermarket chain in Singapore, NTUC Foodfare aims to be a household name for quality cooked food at an affordable price."

To become more efficient, Foodfare invested in a $4 million central kitchen at Senoko. Apart from preparing food for Foodfare's various outlets, the central kitchen caters to the needs of factory canteens and some SAF camps.

Foodfare - how Zaobao views it

Foodfare received good media coverage and comments. In its 7 July 1997 issue, *Lianhe Zaobao* (a Chinese-language newspaper) noted that the cooperative had two main roles. One was to help cushion the increase in cooked food prices and the other, to help raise hawkers' productivity. Foodfare could stabilise cooked food prices if it could play the two roles well.

Zaobao said a reasonable customer would not think that his income should go up but not the cost of dining out. Indeed, consumers were aware that not all items offered by NTUC FairPrice were priced lower than those sold elsewhere. Thus, they would not expect all cooked food items sold by NTUC Foodfare to be cheaper. However, consumers had every reason to expect reasonable prices.

Complaints from customers against hawker prices usually stemmed from unreasonable or unjustified price increases. The most important role Foodfare could play was to provide consumers with some reference point and an alternative to help stabilise cooked food prices.

Apart from consumers' interests, *Zaobao* said the interests of hawkers should also not be ignored. What impact would Foodfare's expansion have on hawkers' business in general?

Firstly, with increasing demand for cooked food outlets, there was still room for the development of the food trade, even if there was new competition. Secondly, Foodfare hoped to cooperate, or set up joint ventures, with hawkers through franchising. Therefore, Foodfare could in fact become a partner of hawkers.

Zaobao concluded that if Foodfare could be a spur to modernisation of the hawker business, it would be good for both hawkers and consumers.

Foodfare cuts prices in downturn

As the 1998 economic downturn led to high retrenchments and wage cuts, Foodfare was quick to announce price cuts in its outlets to help workers cope with the crisis. Foodfare cut the price of its drinks by 5 cents. Later, Foodfare passed on the cost savings from rental rebates to its stallholders, who in turn reduced cooked food prices by 10 per cent.

In 1999, Foodfare introduced a new scheme to further reduce prices of cooked food. It sold $5 food vouchers at a discount to union members and the public - for use at all its food stalls. Union members enjoyed a 10 per cent discount, and non-members, 6 per cent.

NTUC News (30 July 1999) stated: "When Foodfare first announced its price cuts (in 1998), some at the time questioned the worth of such 'small' savings. The same will be said about the discount coupon scheme. But they are missing the forest for the trees. They forget that small change will add up over time."

For people frequenting hawker centres, savings of 20 cents for each meal could add to some $200 a year. To Foodfare, these 'small change discounts' would cost it $670,000 a year. Besides the savings given, there was a larger purpose to the NTUC cooperatives' cost cutting measures. It put pressure on others in the same industry to follow suit.

What has Foodfare achieved?

Like other NTUC cooperatives, Foodfare has the responsibility to benchmark prices for hawker food. To be more effective, it would need to have a greater presence. Still, Foodfare has, in a limited way, done its bit to influence prices of cooked food.

Opening Foodfare's 11th outlet, located at Jurong West Central, in July 1999, Mr Lim Boon Heng noted that some hawker associations had organised themselves to cut prices for a certain period. The NTUC chief applauded them for their socially-minded actions. He added: "Our aim is not to make everyone our customer. But if our actions can influence the behaviour of other players in the market, we would have succeeded just as well."

Your Choice for a Home

To deliver quality housing at fair prices

In the mid-1990s, the economy was booming and the property market was sizzling. With rising affluence, a growing number of Singaporeans aspired to live in private housing. But high property prices threatened to put paid to their dreams. Property prices had shot up by 36 per cent in 1993 and 42 per cent in 1994.

Some blamed the big developers for pushing up prices. Others claimed foreigners were the ones who spoiled the market. Then there were those who slammed the property speculators.

To those who wanted to move into private housing, it did not matter who was to blame. Their dream homes would still be beyond their reach, unless some measures could be put in place to check the runaway property prices.

Recognising the problems faced by these potential private housing owners, the NTUC decided in 1995 to form a housing cooperative. In an interview with *NTUC News* (6 January 1995), Mr Lim Boon Heng, NTUC Secretary-General, said the cooperative would build condominium units to meet the needs of the middle income who found it hard to upgrade from HDB units because of rising property prices.

According to Mr Lim, three factors largely determined the prices of private property. One was the land cost. Another was the construction cost. The third factor was the profit margin of the developer.

Land and construction costs were more or less fixed by the market. So how much a developer could make at the end of the project would depend on the mood of the market – whether there would be high demand for property or not. By becoming a developer, the cooperative could curb upward swings in prices by selling flats and houses at lower profit margins.

NTUC to undertake executive condominium projects

Interest in NTUC's housing cooperative was heightened after Prime Minister Goh Chok Tong told the National Day Rally in August 1995 that executive condominiums would be built to meet the needs of graduate couples and HDB upgraders for private housing.

The HDB would stop building executive flats, and those in the queue for such units would be diverted to the executive condominiums. Initially, Pidemco, a government-linked company, would build these executive condominiums in Jurong East and Pasir Ris.

If demand for such housing was good, the government would invite other non-profit organisations such as housing cooperatives to participate in the new scheme. The whole objective was to help keep prices down.

Responding to media queries, Mr Lim Boon Heng said the NTUC would take part in the executive condominium scheme, if offered such a project. In his view, other groups should also set up housing cooperatives if they wanted to moderate property prices. At any rate, housing cooperatives were not new to Singapore.

In 1948, the Singapore Government Officers' Cooperative Housing Society Ltd was registered. This was followed by the registration of the Singapore Cooperative Housing Society in 1956, and the Sharikat Bekerja-sama[2] Perumahaan Kebangsaan Singapura Dengan Tanggungan Berhad (Singapore National Cooperative Housing Society Ltd) in 1964.

Only the first cooperative succeeded in building houses in Windsor Park, Paya Lebar Gardens and Mayflower Gardens before it was deregistered in 1979 following liquidity problems. Housing cooperatives then went into a limbo until the idea was revived by the NTUC.

Property prices moderated somewhat in 1995 after the government tightened credit facilities and promised to release more land for private housing. Yet prices remained well beyond the reach of many who aspired to live in private housing. So the NTUC proceeded to interest unions and cooperatives in raising capital for the housing cooperative.

In November 1995, the cooperative was registered as NTUC Choice Homes. It had raised more than $63 million. The NTUC invested $10 million; Income and the Singapore Labour Foundation, $20 million each; with another $13 million coming from 43 unions; and $150,000 from NTUC Childcare. Later, FairPrice put in $10 million. Other cooperatives also chipped in. As of 7 August 1996, Choice Homes had over $73 million in the kitty. In a statement, the housing cooperative said:

"Choice Homes is appreciative of the strong support from the labour movement. As Choice Homes does not require more funds for its first project, share applications will close on 31 August 1996. Choice Homes looks forward to continued support from unions and cooperatives in future projects."

The Singapore Dream

In land-scarce Singapore, housing has always been very much a part of the people's dream. In an editorial, *NTUC News* (31 May 1996) said that in the 1960s, the dream of many Singaporeans was to get an HDB flat, so as to escape from the squalor of kampong life or the unhealthy conditions in crowded tenements. It went on to say:

"With growing affluence, the Singapore dream has shifted from HDB units to condominiums and landed property. We appreciate the people's desire to upgrade. Why shouldn't they – if they have the means?

"But speculators have been riding on the boom, pushing up prices. There have also been suggestions that foreigners are to blame for pushing up the prices. With the high price tags for property, will the Singapore dream fade away, as suggested by Dr Lee Tsao Yuan, Nominated MP?

"Senior Minister Lee Kuan Yew has given his ideas about how to create situations where more Singaporeans can own private property. He sees the possibility of the government moving into the condo market.

"On his part, Prime Minister Goh Chok Tong has given an assurance that the Singapore dream would not fade away, as the government has an ample land bank for private property development. But people must be patient and realistic, he said.

"What role is there for the labour movement to help meet the Singapore dream of private home ownership? Since there are union members who also aspire to move from HDB to condos and landed property, it is our responsibility to help them realise their dream, even as we continue to expand schemes to help the lower income workers to stretch their dollar.

"That is why we have established NTUC Choice Homes, a cooperative that will, for a start, build some 600 condo units in a strategically located site in Simei, within walking distance of an MRT station. There are schools and country clubs nearby. A shopping centre and a hospital are under construction in the vicinity.

"Although it is premature to discuss prices at this stage, we can say with certainty that our condos will be less expensive than those built by private developers. We can offer our units at prices below private condos because of three reasons.

"Firstly, the government has given us land at a discounted rate. So it is only right that we pass the savings to the people who buy our units.

"Secondly, in constructing the executive condos, we will use the most cost-effective method without sacrificing quality. We will also maximise usable space.

"Thirdly, we will be guided by our social mission. As NTUC Choice Homes is a cooperative, it is the consumer who enjoys the biggest benefit, not the shareholder.

"So buyers can be assured that they will not be creamed off. The conditions imposed on the sale and re-sale of executive condos mean that speculators and foreigners are also taken out of the equation."

What of the future? NTUC Choice Homes would not be limiting itself with the construction of executive condominiums only. When it had acquired enough resources, it would be competing with other developers for land. The types of units developed would depend on market needs.

But unlike private developers, NTUC's motive was not to maximise profits but to meet the social needs of our members. The editorial concluded with a firm reiteration of the ideals of NTUC's cooperatives. It said:

"The NTUC has always set up new cooperatives in step with the changing needs of union members and workers in Singapore. It is no exception in the case of providing better quality homes."

Benchmark for price and quality

Launching Choice Homes in July 1996, Mr Lim Boon Heng said the housing cooperative would allow more Singaporeans to own private residential property. The NTUC chief said:

"By developing private condominiums with facilities and finishes comparable to condominiums developed by the private sector, and by exercising self-discipline in profit-takings, Choice Homes can help to set benchmarks for the price and quality of mid-range condominiums and apartments.

"Not only will this provide potential buyers with more choices, it will also give them a better idea of pricing and quality, for them to make more informed comparisons and decisions. By providing an alternative, we hope it will have some effect on moderating prices in the market."

Preferential treatment for union leaders and members

Union leaders and members would be given preferential treatment in the allocation of the first batch of 600 condominium units built by Choice Homes. Five per cent (30 units) would be reserved for union leaders, and another 30 units, would be kept for union members. Another 5 per cent would be set aside for grassroots leaders. The bulk (76 per cent) would go to those on HDB's queue for executive flats, and the balance of 9 per cent would be offered to the public. However, if the "reserved" slots were not taken up, they would be open to the public.

There would be balloting for the units, with union leaders getting three chances. If they failed in their ballot for units reserved for union leaders, they could take part in the balloting for union members. And if they still failed, they could enter their names for the public ballot.

These percentages were determined not by the NTUC but by the government, which allocated land directly to Choice Homes.

More land to be released for private housing

At the National Day Rally in August 1996, PM Goh said the concept of executive condominiums, which he suggested in 1995, was now a reality. The two Pidemco projects, with 600 units, attracted 11,000 applications. NTUC Choice Homes, Singapore Technologies, another government-linked company, and Pidemco would launch another 1,500 units.

In 1997, the government would release land for 4,000 more executive condominium units. Two thirds would be tendered out. The rest would be allocated directly to government-linked companies and NTUC Choice Homes, but with land prices closer to the market.

The Prime Minister gave an assurance that we had enough land for private housing. But he made it clear that public housing would always remain government's main focus of attention.

PM Goh said there was nothing wrong with professionals living in HDB flats before upgrading to private property after eight or 10 years, when their incomes had gone up and they had built up savings. Then they could sell their HDB flats, collect capital gain and upgrade to private property.

NTUC ready to help other groups form housing cooperatives

In November 1996, when Mr Lim Boon Heng officiated at a ground-breaking ceremony for the Simei Green project, he said Choice Homes was ready to help interested groups to set up housing cooperatives to develop private property and moderate prices. If there were more housing cooperatives and they had a significant share of the property market, they would exert a moderating effect on prices.

At a news conference later, Mr Lim said the cooperative system would give maximum benefit to consumers. By law, members of a cooperative could only get back 10 per cent out of their shareholding. So if a cooperative were to make more profits, anything above 10 per cent must be returned to members. In the case of a housing cooperative, this could mean rebates for the home buyers.

Good response for Simei Green

Five thousand people applied for the 600 units in

Simei Green. Among them were 60 union leaders and 658 union members. Balloting was held in February 1997 as only 30 units were reserved for union leaders, and another 30 for union members.

After conducting the ballot, Mr Oscar Oliveiro, NTUC President, said: "It is encouraging to see many union members and leaders applying for our first project. It shows that they have a lot of faith and confidence in our housing cooperative."

Mr John De Payva, General Secretary of the Singapore Manual and Mercantile Workers' Union and member of Choice Homes' Board of Directors, added: "The good response shows that there is demand for condominium housing, be it among the younger or older age groups."

Choice Homes' $500,000 gift to Simei Green buyers

In a move that caught property market observers by surprise, Choice Homes announced in 1999 that it would pay the service and conservancy charges for Simei Green buyers for three months, totalling $400,000. In addition, it would contribute $100,000 to Simei Green's sinking fund, money set aside for retrofitting and repainting works.

Mr Lim Boon Heng said the money came out of savings from construction costs. The gesture was part of a package of price cuts and reliefs, put together by NTUC cooperatives, to lighten the financial burden of people during the economic downturn.

Yew Mei Green hit by financial crisis but…

By the time Yew Mei Green, NTUC Choice Homes' second project, was launched in January 1998, the market had softened, following the Asian financial crisis. So only 543 applications were received for the 712 units.

Choice Homes received 283 applications for the 577 units set aside for those in the HDB executive flat list, and 260 applications for the 135 units in the open category. While the open category was oversubscribed by about two times, there was a shortfall in applications for the units reserved for those on the HDB executive flat list.

There was some relief for buyers of Yew Mei Green. Choice Homes decided to absorb the 3 per cent stamp fee for buyers, the first executive condominium project to do so. The move was prompted by feedback that buyers had difficulties making the cash payment.

Stating that the cooperative was able to absorb the stamp fee because of savings from the project, Mr Ng Ser Miang, Chairman of Choice Homes' Board of Directors, said he hoped the gesture would help buyers and generate more interest in the executive condominium units in the downturn.

When Yew May Green was relaunched in June 1999, the condominium units were sold on a first-come-first-served basis, with no units reserved for those on the HDB list. Discounts of between 8 per cent and 10 per cent were given. The response was very good. All the 712 units were sold.

Those who had bought Yew Mei Green condos at higher prices, before the property market plunge, were each offered a gift voucher worth $1,000.

Choice Homes builds first private condominium units

Choice Homes has launched two private residential projects – one at Simei, the other at Sengkang. At Tropical Spring in Simei, there is a good range of condominium units – from two-bedroom apartments to penthouses. The 242-unit complex is just opposite Simei MRT.

Tropical Spring is a joint venture between NTUC Choice Homes and Comfort Group Ltd, which operates Singapore's largest taxi fleet. Comfort used to be an NTUC cooperative.

Over at Sengkang, Choice Homes' project is known as Rivervale Crest. It is near schools, a shopping mall and an LRT station. The Mediterranean-style project has three 16-storey towers, with 490 apartments.

In April 2001, the Rivervale Mall, the first

shopping centre developed by Choice Homes, was officially opened by Mr Lee Yock Suan, Minister for Information and the Arts. The mall is part of what is known as a mixed development, with the 490-unit Rivervale Crest adjacent to it.

And in July 2001, Choice Homes launched its latest project – the Bishan Loft, with 384 condominium units in two towering blocks. As with the other Choice Homes projects, 10 per cent of the units have been allocated for union leaders and members.

Bishan Loft is a joint venture between Choice Homes and Chip Eng Leong Enterprise.

As part of Choice Homes' social role, it donated a $200,000 luxury residential unit from its Rivervale Crest project for the NTUC Charity Drive 2000/2001. The unit went to the first prize winner.

Choice Homes and its impact on the market

When the NTUC set up a housing cooperative in 1995, private developers knew that they could no longer set property prices as they wished. If their prices were way above what Choice Homes offered – for condominiums of similar size and finish – it would be awkward for them, to say the least. And the Simei Green and Yew Mei Green projects showed that a housing cooperative could check rising prices.

Simei Green was marketed at an average of $410 per square foot (psf). Mr Ng Ser Miang, Chairman of Choice Homes' Board of Directors, noted that the price was well below the fair market value, which the project's marketing agent Knight Frank had


Bishan Loft

estimated to be around $450 psf.

Mr Ng said the average price tag of $410 psf underlined the cooperative's commitment to provide quality homes at fair and affordable prices.

After the launch of Simei Green in January 1997, *Business Times* reported that property stocks, led by City Developments, fell for the third day in a row, amidst concerns over residential property prices and the general weakness in the share market.

Market watchers attributed the sector's dull performance to a mix of factors, the latest being Choice Homes pricing its Simei Green executive condominium units at a very attractive $410 psf.

Developers, who had expected Choice Homes to price Simei Green at $450 psf, would now have to review their pricing strategies when launching new projects, said the *Business Times*. The newspaper quoted an expert as saying that Choice Homes would put pressure on property prices.

One year later, the focus was on Yew Mei Green, which Choice Homes marketed at $430 psf, lower than the $440 psf for a privately-built condominium just across the road from Yew Mei Green.

"Given the current conditions and the continuing demand for executive condos, our pricing structure is just right for the market," said Mr Ng. "At the same time, Choice Homes has a clear objective to act as a moderating force in the housing market, and we are doing just that."

While the open category attracted a lot of buyers, the response from people on the HDB's executive flat list was disappointing. So there were two re-launches in June 1999, with HDB upgraders no longer given preference. All the units were sold out, after discounts of 8 per cent to 10 per cent were offered.

Despite the economic downturn in 2001, Singaporeans grabbed the opportunity to move into Choice Homes' latest executive condominium project – two 35-storey towers rising at Bishan.

All the 380 units at Bishan Loft were sold out in two days in July 2001, a record for a housing launch in the past four years, and certainly a record for any executive condominium launch! House-hunters were drawn by Bishan Loft's good location and attractive pricing. The sell-out reflected people's confidence in Choice Homes, as it had built up its capability and expertise since its inception.

Helping people to save for downpayment

Apparently, HDB upgraders are no longer keen to move to executive condominiums because resale prices of public housing have dropped. If they cannot fetch good value for their HDB flats, they would have problems in meeting the 20 per cent downpayment. They are not eligible for the housing grants given by the government to first-time HDB buyers. They also have to pay a resale levy on their HDB flats. But Choice Homes is offering a way out for such people.

Choice Homes has plans to set up a primary housing cooperative. Its target: people wishing to buy executive and private condominiums three to five years down the road.

Individuals have to buy at least 10,000 shares at \$1 each, and must hold them for at least two years. If the cooperative turns in a profit, they will receive dividends. The primary cooperative would have an authorised share capital of \$150 million. Choice Homes would contribute a minimum of \$100,000, topping up when necessary to develop housing projects.

Mr Lim Geok Hwee, Chief Executive Officer of Choice Homes, said: "If individuals want to own a unit, it is worthwhile for them to join the primary cooperative. Not only do you get priority when booking a unit, you also get rebates in what the cooperative develops. Your share in the cooperative will attract dividends if the cooperative makes money."

Choice Homes is tying up with two other NTUC cooperatives – Income and Thrift – to help members start saving for the 20 per cent downpayment required when buying a private home.

The primary housing cooperative will have these objectives:

- To help moderate prices in the residential property market through direct development.
- To benefit individuals who are members of the cooperative through rebates and dividends.
- To contribute to the effort of building up an active citizenry and civil society in Singapore.

The primary cooperative will either tender to develop residential units, or buy units en bloc from other landlords or developers. Either way, the residential units will be sold to members first - at the market price, or slightly below it.

While Choice Homes has had some impact on property prices, there was some concern expressed about its role in a depressed market. Would it not add to the glut of unsold units?

When Mr Lim Boon Heng went on a ministerial walkabout in Bukit Gombak in March 1999; he was asked whether a housing cooperative was still needed, given the downturn in property prices.

The NTUC Secretary-General recalled that when property prices shot up, the public expected something to be done. Singaporeans should think carefully over this issue. It was not easy to set up a cooperative, developing the expertise and knowledge in building private property.

"If we say there is no need any more for NTUC Choice Homes, then the question is, come the next upturn, will there be an organisation with the expertise to play a role in moderating prices?" he asked.

In other words, Choice Homes is there for all seasons – not just when prices are shooting through the roof. And it is there because it has a social mission – to make it possible for Singaporeans to own private housing at fair and affordable prices, whatever the prevailing market sentiment.

Economy class Eldercare

To provide quality eldercare services at affordable rates

Just as the NTUC went into childcare in a big way in the late 1970s to encourage women to stay in the workforce, so the labour movement established an eldercare cooperative in the 1990s to deal with an equally difficult social problem. If we want more women to go out to work, it is not enough to provide just childcare facilities; we need to have eldercare services as well.

For too long, we have been talking about our population ageing. But what are the social implications, and what can society as a whole do? It is true that the government and the Voluntary Welfare Organisations (VWOs) have been doing a good job in providing eldercare services like nursing homes, hospices and home help.

But these services are directed at the lower income, if not the indigent.

Of course, as in any society, people in the upper income bracket have the means to pay good money for first class care, and the private sector is in the best position to deliver such services.

What about the middle income? Is enough being done to care for the elderly in this group? Do we want the government and the VWOs to extend services to the middle income as well? If so, are we prepared to pay the price – in terms of higher taxes? If not, what can we do?

After giving the matter much thought, the labour movement decided to form an eldercare cooperative – to provide economy class services to workers in the middle income group.

Undoubtedly, eldercare will be a major issue in the years ahead as our population ages.

In 1980, there were 173,400 residents aged 60 years and above, making up 7.5 per cent of the population. The number went up to 246,900 in 1990. If this trend continues, there could be as many as 800,000 elderly Singaporeans in 2030, making up more than a quarter of the population.

Singaporeans are living longer, too. In 1957, the average life expectancy for a 60-year-old man was 72. In 1980, it was 76, and in 1995, 78. Women could be expected to live three years more than men. But despite longer life expectancy, the labour force participation rate for the elderly has been declining – from 44 per cent in 1966 to 37 per cent in 1980 and 29 per cent in 1995.

Higher life expectancy and lower labour force participation rates would mean more of our aged would have a shorter working life to accumulate savings for a longer retirement. More worrying, the majority of those above 60 would not have adequate CPF and personal savings to maintain their current lifestyle in retirement – without support from their families.

Obviously, society as a whole must look into the financial security of the aged, and their housing, medical, social and physical needs. As a responsible labour movement, the NTUC has identified areas where it can play a meaningful role in eldercare. It sees this as part of its social mission.

Retirement villages versus daycare centres?

What kind of eldercare services should the labour movement provide? Debate on this issue was sparked off by an article that Mr Lim Boon Heng wrote in *NTUC Lifestyle* magazine (February-March 1994 issue). He said:

"It used to be that uncles, aunts, nephews and nieces lived in the same village. Support came not only from the immediate family but also from the extended family. Because of our development, this age has passed us by.

"Yet it is necessary for us to review what we are doing. Is our present social structure a stable one? I think not. For thousands of years, societies have been rooted in the family unit. If we break it, we go into uncharted waters. The experience of the welfare states gives us ample warning.

"Is it too late for us to restore the old social structures? Maybe. But we should try. It is probably too much to expect newly married couples to live in the same flats as their parents, but we should encourage them to live close by.

"How can this be done? There are two solutions. One is to redevelop old housing estates so that additional units can be made available to children who marry and want flats of their own. The other is to build 'retirement villages' in old housing estates. When children grow up and marry, the parents can purchase a unit in a retirement village in the neighbourhood. Such retirement villages are not to be associated with old folks' homes we now have. The retirement villages are quality villages with facilities that meet the needs of the elderly."

Mr Lim said that if we went in this direction, we could maintain much of the family ties that we knew, ties that had sustained civilisations through the millennia.

Who should run these retirement villages? In a talk in February 1994, the NTUC Secretary-General suggested that cooperatives be formed to run retirement villages for the working class.

But in 1995, Mr Lim began to have some concern about the impact of retirement villages on relations between the elderly and their children. Once these retirement villages were set up, would Singaporeans shirk their responsibility of caring for their elderly parents? If they did, it would be bad for family ties. Cost was another factor. It would be expensive to build, and run, retirement villages.

Perhaps a better alternative would be to establish daycare centres, run along the same lines as childcare centres. Then the elderly would still live with their families. Also, costs would be much lower.

In typical NTUC style, the labour movement decided to find out how other societies take care of the elderly.

Impressed by eldercare in Japan

On a study tour of Japan in 1994, an NTUC delegation saw a whole range of eldercare arrangements – from a posh retirement home for the rich to government-funded homes for the masses.

On their return, Mr Lim Boon Heng; Mrs Yu-Foo Yee Shoon, NTUC Assistant Secretary-General; Mr Zulkifli Mohammed, Political Secretary to the Minister without Portfolio; and Mr Thomas Tay, General Secretary, Singapore Maritime Officers' Union (SMOU), shared their views with *NTUC News*.

Mr Lim was impressed by the way the Japanese had developed schemes to help families look after the elderly at home. There are daycare centres, home services and other facilities. He said: "We should examine ways of helping our families to take care of their aged at home. We also need to ensure we have sufficient savings for our old age."

From his observations, Mr Lim said daycare centres would be better than retirement homes. With daycare centres, the old would still live with their families. They would not be made to feel unwanted.

If we went into retirement villages, we had to take care to integrate them with their families, making it convenient for family members to interact on a daily basis. Physical arrangements were not enough; they worked only when family ties were strong.

Mrs Yu-Foo got the impression that the Japanese preferred to have their elderly live at home. In one retirement home, there is provision for daycare facilities. The Japanese also have a scheme where social workers, usually housewives, visit the homes of the elderly who live on their own. They bring food or help cook food. They also help the elderly with basic necessities. The government provides training and an allowance for these volunteers.

According to the 1990 census, almost 93 per cent of Singaporeans were largely well and ambulant. So only 7 per cent required some form of medical or nursing care. But with double income families on the rise, Mrs Yu-Foo said it made sense for us to consider setting up daycare centres. There was already one at her Yuhua constituency, and she was of the view that there should be more such centres, with some run by unions.

Mr Zulkifli Mohammed said that, as in Japan, we in Singapore should also see to it that our elderly were taken care of at home. We should avoid the easy route taken by many other societies of putting their elderly under institutional care, as this would lead to the loosening and the eventual break-up of family bonds, with disastrous consequences in the long term.

Mr Thomas Tay noted that even though Japan was rich, the country was facing a big problem because of its fast ageing population. There was widespread fear that the nation's enormous savings could be wiped out. In fact, there was a proposal to make it compulsory for all workers over 20 years to contribute to a social insurance scheme to support the elderly because the cost was too high, and the state revenue was inadequate. Mr Tay said:

"What should we do in Singapore? Should we not get younger workers to also start thinking along the same lines as the Japanese? Sure, we have our CPF, but for many workers, the CPF balance at the time of retirement is insufficient to meet their needs."

At the 45th anniversary dinner and dance of the SMOU in 1996, Mr Thomas Tay announced that the union had raised more than $500,000 for the NTUC cooperative to run daycare centres.

High quality eldercare in Western Australia

In Western Australia, there is a Ministry for the Senior Citizens. It has developed a well-planned, high quality programme for the aged. Basically, it is a two-tier system, ensuring that the aged are kept healthy and encouraging them to stay in their own homes. Some 95 per cent of the elderly involved in the programme stay in their homes.

The state provides various services, ranging from delivering meals to house-cleaning. Since the programme is manned by volunteers, the state is able to keep its operating costs low. Western Australia also has a wide range of facilities for the aged, from hostel care to retirement villages.

Mr Zulkifli, who accompanied Mr Lim to Western

Australia, said: 'It is an eye-opener to observe healthy elders – some even in their 80s and 90s – serving as volunteers, delivering meals and doing administrative work under the eldercare programme. I think it is a good example to follow as these elderly volunteers can better understand the mindset and needs of their fellow elders."

Wide range of eldercare services in Britain

Britain provides an equally wide range of housing choices for the elderly, who can continue to lead fairly independent lives, with some general assistance and support. The elderly can choose to live in different types of elderly-friendly housing, depending on the level of support they require.

Mr Lim was impressed by the sheltered housing scheme, especially the one operated by the Abbeyfield Society, a registered society. There are 1,000 Abbeyfield Houses throughout Britain. They are run by local societies, which tap on the services of more than 15,000 volunteers. This keeps costs down. A typical Abbeyfield House is a small, family-sized home for seven to eight residents and a housekeeper. The residents feel as if they are living at home, and not confined to an institution.

In elderly housing in Britain, care is taken to address two major concerns of the old folks – loneliness and help in emergencies. There are homes where the elderly can live independently to varying degrees. When they can no longer do that, they go into nursing homes.

Housing the elderly in Singapore – more options needed

Unlike Japan, Australia and Britain, we in Singapore do not have such a variety of eldercare housing because there is not yet such a need. The majority of the elderly live with their children. In fact, the percentage of the elderly living alone has dropped from 11 per cent in 1970 to 7 per cent in 1980, and 4 per cent in 1990. This is largely the result of rules in public housing. HDB requires at least two persons to live in its unit. As more people have moved into HDB flats between 1970 and 1990, fewer now live alone.

But the proportion of elderly persons living with their equally elderly spouses is expected to rise. More elderly couples own their own homes, and find themselves less reliant on their children for accommodation. More young couples will want to set up their own homes for greater privacy.

The decline in the number of multi-generational households is expected to grow, since families can still keep in touch despite living in different places. The proportion of elderly persons living alone is also expected to go up as their spouses die.

After looking at the various elderly housing schemes elsewhere, the NTUC is convinced that it is more desirable to build dedicated housing. This allows for a critical mass to lower unit cost. But such housing should be part of the community. It will also better meet the elderly's need for a safe place to live, in an environment that allows for greater social interaction and companionship. Through such shared living arrangements, the elderly can lead independent lives for as long as possible. It minimises the need for expensive institutional care.

Confronted with the need to care for the frail elderly, who need constant care, some Singaporeans feel that it is in the best interests of everyone if they put them either in a home for the aged or in a nursing home. But older folks generally don't like to stay in such institutions. A study done by the American Geriatrics Society showed that 30 per cent of people living in nursing homes in the United States said they prefer to die rather than stay permanently in such institutions. It also does not make sense to place the elderly in a nursing home when they do not require nursing care. For one thing, it is expensive; for another, it depresses them.

What the NTUC would like to see is that the elderly have more choices. It should not be a stark choice between living at home or in an institution, be it a nursing home or the home for the aged. Daycare centres, run by the NTUC and other organisations, offer one option. HBD has studio apartments for the elderly, and the NTUC may in due course consider going into this area as well.

Why unions invest in Eldercare

As Eldercare would need funds, the NTUC decided that the 1998/99 proceeds of its annual fund-raising drive would go to the cooperative. Since 1994, the NTUC had raised over $1 million each year for a specific charity.

To the credit of unions, cooperatives, the SLF and other wellwishers, Eldercare was able to garner $1.1 million from the charity drive. By the time, Eldercare's first daycare centre was opened in Marsiling in May 1999, the amount had doubled, thanks to a $1 million donation from Mr Cheng Tsang Man of Prima Ltd.

In his speech, Mr Lim Boon Heng said cooperatives could play a key role in helping families provide long-term care for the elderly. The NTUC Secretary-General then delved into the background on the formation of NTUC Eldercare. He said:

"Many union members have elderly to take care of. With husbands and wives working, families need help to discharge this responsibility. Workers continue to believe strongly that the family should be the main carer of the elderly. This is right.

"But the responsibility has become heavier because the elderly now live longer. Should they become frail, long-term care is needed. Nowadays, it is common to find people in their 60s having to care for their parents in their 80s and 90s.

"Hence, families need support to be effective in caring for the elderly. This is why the labour movement raised funds to set up NTUC Eldercare. In providing services for the elderly, we aim to strengthen, not weaken, the family."

The services provided by cooperatives are affordable because they are non-profit organisations. Cooperatives also tap the self-help spirit in the

Mr Lim Boon Heng visits the NTUC Eldercare centre at Marsiling.

The daycare centre gives the ambulant elderly opportunities to socialise and to participate in physical and leisure activities, and outings.

community. Mr Lim said:

"Cooperatives can raise capital from their members, who are also the shareholders. These shareholders, unlike those in a private company, do not expect a profit for their investment. They become shareholders, or members, in return for the opportunity to use the service the cooperative provides. For example, unions put money in Eldercare so that workers can have affordable services for their elderly. The money is not a donation, but an investment in an affordable service."

Call for more cooperatives to care for the elderly

Just as he had urged potential house buyers to form cooperatives like Choice Homes, Mr Lim called on the civic minded in Singapore to form cooperatives to care for the elderly. Healthy competition would help service providers become more efficient.

The NTUC chief said the government had a role in keeping services affordable. The way it priced land for daycare centres or retirement housing or nursing homes affected affordability of these services. As it was better to integrate the elderly in the community, the land required for such services should be located at places like town centres. But this meant higher land prices, and higher eldercare costs.

Daycare operations

The daycare centre at Marsiling accepts elderly who are frail but ambulant. It provides opportunities for the elderly to socialise and engage in meaningful activities so that they can remain mentally, physically and socially active and healthy. Besides meals and snacks, the centre organises physical exercises, leisure activities and regular outings.

To keep the rates within the means of the working class, Eldercare has to heavily subsidise its operations. At its Marsiling Centre, the charges are $280 a month for anyone using its facilities five times a week. Those using the facilities three times a week pay $220 a month, and those turning up twice a week pay $170 a month. Union members are entitled to an annual rebate of $60 when they place their elderly at the daycare centre.

Feedback from users and their families indicates that they are happy with the services provided. The centre regularly receives thank-you notes from families, grateful that their elder folks are well taken care of.

The daycare centre has received good support from grassroots leaders in Marsiling. Many have befriended the elderly and are organising activities for them. Merchants in the area have also played their part – by sponsoring foodstuff.

Mr Hawazi Daipi, NTUC Director and MP for Sembawang GRC (Marsiling Division) said: "Having a cooperative like this helps in inculcating closer family bonds, where sons and daughters are not in despair over not being able to look after their elderly parents and where the elderly are able to continue to live with their families in dignity."

Eldercare's second daycare centre is to be set up at Taman Jurong. It is expected to be operational in early 2002.

Expanding Eldercare's operations

Eldercare has plans in the longer-term to set up retirement homes or dementia centres, said Mr Zulkifli, who is Executive Director of Eldercare.

In the meantime, it has introduced an escort service, under which its care-givers accompany the elderly living in the northern part of Singapore for health appointments.

The cooperative has at its disposal three minibuses, two of which were donated by the Comfort Group Ltd to mark the company's 30th anniversary. These minibuses are used to transport the elderly to and from the daycentre centre. They can also be used for other services – like ferrying the elderly to do their shopping, banking or to meet their medical/dental appointments.

Another scheme Eldercare has in mind is to run communal services for elderly residents living in HDB's studio apartments. The services will include healthcare, sports and recreation, and home support such as doing their laundry.

NTUC Eldercare stands ready to do what is necessary to help meet the challenges of an ageing society. It hopes to see the elderly given due care, support and love in their golden years.

Thrift

Better returns on deposits, competitive rates for loans

To promote savings and thrift among members, and to provide affordable financing

Thrift and loan cooperative societies are popular in Singapore because they serve the basic financial needs of workers. By joining such a society, a worker can use it as a no-frills bank. He can deposit money and earn possibly better interest than he can get elsewhere. He can apply for a loan from the society, and pay interest at competitive rates.

These credit unions, as they are sometimes called, can offer better terms than banks because they are run on a not-for-profit basis. More significantly, they encourage savings and thrift. At the same time, they offer a lifeline to low-income workers who need loans, which they cannot get from banks.

Singapore has had credit unions since 1925. And the first such organisation is still in operation. It is the Singapore Government Servants' Cooperative Thrift and Loan Society Ltd. Most of the cooperative societies in Singapore are of this type. Some unions affiliated to the NTUC also operate thrift and loan societies.

Saving for a rainy day

It was Mr Lim Boon Heng who suggested in 1996 that the NTUC itself should consider setting up a thrift and loan society – open to all workers, whether union members or not. He said such a society would encourage thrift and help workers to save. It would educate workers on the use of money. By pooling members' savings, small loans could be extended to members in need – at competitive rates.

The NTUC Secretary-General expanded on the idea when he addressed a conference of delegates from the Singapore Manual and Mercantile Workers' Union (SMMWU) in February 1997.

Mr Lim expressed concern that some union members did not have sufficient savings to meet unforeseen circumstances, such as retrenchments or high medical bills of family members. Hence the need to establish NTUC Thrift to encourage union members to save voluntarily and also to borrow money, where necessary.

At Mr Lim's suggestion, NTUC Thrift was pioneered by SMMWU and the Singapore Maritime Officers' Union (SMOU) after it was registered in 1998. In 1999, membership was extended to all unions.

NTUC Thrift's mission is to meet the financial needs of its members. As a cooperative, it has to return the bulk of any surpluses to members.

In an interview in October 1999, Mr Chng Hee Kok, CEO of NTUC Thrift, said that all its customers were its members. So instead of having customer services officers, Thrift had member services officers to give advice on financial matters.

Thrift also acts as a central facility for union funds. Unions and NTUC cooperatives can use Thrift to place funds or to get loans. This brings down the overall cost of financing for the labour movement as a whole, said Mr Chng, who is also MP for East Coast GRC.

One feature of a credit union is that members have to make monthly subscriptions so as to earn dividends, if the cooperative does well. Initially, NTUC Thrift set $20 a month as the minimum subscription. But to encourage more members, it changed its subscription policy. Members now need to make only a one-time payment of $30.

Thrift has encouraged employers to sponsor their employees as Thrift members. And to set an example, NTUC Club has done just that – paying $40 (two months' subscription) for each employee who is member of the NTUC Club Staff Union (NCSU). Mr Charles Khng, General Secretary of NCSU, welcomed the move. NTUC Administration and Research Unit and NTUC Choice Homes have also sponsored their staff to be Thrift members.

SMEEU was one of the early unions to sponsor all members to join Thrift. The union also contributed the one-time savings' amount. Mr Lim Chin Siew, Executive Secretary of SMEEU, encourages all members to save regularly.

Thrift to replace POSBank?

When a row broke out in 2000 over DBS Bank's decision to impose a levy for accounts falling below $500 a month, there were calls for NTUC Thrift to upgrade its operations so as to take over a role once played by POSBank.

However, the NTUC was quick to say that Thrift did not see itself as a solution to the problem faced by low-income Singaporeans looking for a place other than POSBank to park their money.

Mr Matthias Yao, NTUC Deputy Secretary-General, said: "Banking is a complex business. The NTUC has no expertise in banking, and we have not thought about operating a bank."

Mr Yao said the Monetary Authority of Singapore (MAS) should work with the banking industry to provide low-cost banking facilities to workers. This would be in line with the government's move towards making Singapore a cashless society.

The matter has since been resolved, with workers earning less than $1,500 being allowed to transfer money from their CPF accounts to meet the $500 minimum requirement of DBS Bank.

Variety of services

Thrift has a good range of services to offer its members. They include savings accounts and loans.

It is interesting to note that for loans below $50,000, Thrift offers the highest rate of interest when compared to competitors. It also charges affordable interest rates for housing, vehicle, renovation, computer, furniture and education loans. More than 500 families of union members have benefited from loans to buy computers and furniture.

Thrift uses technology to better serve its members. Instead of being issued with passbooks for their savings accounts, members are updated on their transactions and balances through a phone banking service. It also has plans to set up a network of kiosks where members can withdraw money. Internet banking is on the cards, too.

Though new in the market, NTUC Thrift has shown its ability to fulfil its social mission – of helping workers to save and be thrifty, and to have access to loans at affordable rates of interest.

What if …

"During good times, NTUC cooperatives moderate cost increases by setting benchmark prices. During tough times, they have an added responsibility of helping workers to tide over the difficulties."

Mr Lim Boon Heng
Minister without Portfolio and
NTUC Secretary-General
24 July 2001

NTUC cooperatives have a role to play – in good times or bad. When the economy is surging ahead, they help keep prices in check. In an economic downturn, the cooperatives work in concert to cut prices and offer other forms of financial relief. And because the cooperatives set benchmarks for critical goods and services, their price cuts often lead to similar measures taken by other traders and service providers – to the benefit of consumers as a whole.

NTUC cooperatives' social role goes beyond just price cutting exercises. They not only help finance some trade union operations to improve the lot of workers but also make significant contributions to community projects. Indeed, they are an integral part of the nation's social security network.

Back in 1969, NTUC leaders realised that trade union action alone would not be sufficient to create a better life for workers. This was because whatever gains they secured through collective bargaining could be nullified if there were rampant inflation.

As the government could not be expected to intervene in a free market economy to bring down prices, the labour movement decided to create a network of cooperatives to supplement the work of unions. While unions would negotiate wage increases, the cooperatives would help workers stretch their hard-earned dollars.

Today, the NTUC has 10 cooperatives, each set up to fulfil a social mission. The cooperatives are an important pillar of the labour movement's strategy to help workers improve their standard of living. Society, and not just the labour movement, would be worse off if there were no NTUC cooperatives like:

NTUC Income

Before Income came on the scene, insurance companies targeted only the middle and high income. Low income workers were largely ignored, even though they were the ones most in need of life insurance coverage. The insurance cooperative bridged the gap. Before long, private insurance companies were also devising schemes to cover all segments of the working population.

To promote insurance among workers, Income kept premiums low while offering quality service. In the earlier years, just $5 a month would buy a worker a life insurance policy. For group insurance, unions paid just $1 a year for a member, in return for $10,000 death benefit.

As wages have gone up, so have premiums. Yet, some 17 per cent of Income's 430,000 life policyholders pay a monthly premium of less than $50 a month. Its average monthly premium per policyholder is the lowest among the four largest insurers in the country.

Income insures all 327,000 union members under the SLF Gift scheme, with the premiums paid by the Singapore Labour Foundation and the unions.

So Income, now the third largest insurance company in Singapore, takes good care of the lower income sector of the population, even as it extends its reach to the middle and higher income.

Income is generous in declaring bonuses, not just annually but on special occasions, like its 20th, 25th and 30th anniversaries. On average, Income returns 98 per cent of its surpluses to its life policyholders, compared to the industry average of 90 per cent.

In 2000, Income paid $7.4 million in honoraria to union members, unions and the NTUC in return for life insurance sales. Income gave $2.5 million to charity and for the development of the arts, sports and health. It also contributed $126,000 to support trade union projects.

If Income had not been established, life insurance coverage would not have reached out so extensively to the people of Singapore. The people who buy life insurance would not have so much value and return on their savings. Income offers an attractive deal to policyholders. This puts the pressure for the other insurers to improve the competitiveness of their products.

Income has indeed contributed much, not only in strengthening our social security but in building a more cohesive society.

NTUC FairPrice

When a trade union negotiates with management for a new collective agreement, the number one item on the agenda is invariably the cost of living. If inflation is high, the union would expect a higher pay rise. But spiralling wage bills can harm the economy, and hurt workers themselves, as when companies pull out because of high operating costs or a deteriorating industrial climate.

In a free market economy, a strong consumer cooperative can, and does, act as a bulwark against unjustified price increases. This was amply shown when prices skyrocketed during the oil crisis in the early 1970s and when profiteers sought to hoard essential items in a bid to push up prices during the 1991 Gulf War. In both instances, NTUC's consumer cooperative flooded the market with essential goods at fair prices.

To keep prices in check, FairPrice benchmarks the prices of 200 essential items. Price surveys have shown that most of these items were priced lower than those charged by its major competitors. The difference in prices from the basket of 200 items, compared to a major competitor, could be up to 5 per cent. Every year, FairPrice helps consumers save millions of dollars on these essential items.

Had FairPrice not been around, it is unlikely any other retailers would have taken the initiative to cut prices when times are bad. They would want to maximise profits since they are answerable to their shareholders for their bottomline. Prices of goods will be left to fluctuate according to market forces.

Because FairPrice has a social role, it did not lower rebates and dividends when its profits dropped. For its financial year ending 31 March 2001, FairPrice saw a 4.1 per cent drop in profits. Despite this, its Board recommended a 5 per cent rate each for rebates and dividends to its members. To FairPrice's Board of Directors, bottomline is important to ensure continuity of business, but it is not the key objective of the existence of the consumer cooperative.

Apart from its social obligation to its shoppers and members, FairPrice also supports projects to improve the lives of the workers and to help the underprivileged and the community. Every year, it collects used textbooks from the public and distributes them free to needy students. It offers study grants to children of needy members. Together with its suppliers, it raises money for the Community Chest through the Heartstrings Buys. For that, FairPrice was named twice as Outstanding Corporate Citizen by the National Council of Social Service.

During the Asian financial crisis, FairPrice even took the initiative to give out more than $500,000 to the nine Community Development Councils in Singapore to help them improve the lives of needy families.

It is its contribution towards making life a little easier for many Singaporeans that makes FairPrice's existence even more meaningful.

NTUC Healthcare

Like FairPrice, Healthcare has a basket of items that it offers to sell at the lowest prices, as a group. In the case of Healthcare, there are 60 commonly-bought items in its basket.

Surveys show that 90 per cent of the items in the basket are priced lower or the same as those charged by Guardian Pharmacy. Overall, the basket is 10 per cent cheaper. Healthcare sells medicine at a discount to members of the Diabetic Society of Singapore, the National Kidney Foundation and the Kidney Dialysis Foundation.

As part of its outreach programme, Healthcare offers health screening at subsidised rates, with each union member paying $10 compared to $15 for a non-member. It organises free health talks in conjunction with community centres, libraries and companies.

NTUC Denticare

Denticare has made it possible for workers to get dental treatment, even specialist treatment, at affordable rates. Denticare's rates are well below the fees recommended by the Singapore Dental Association. Union members pay 10 to 20 per cent below the median pricing of practices in HDB clinics. The same concessions are given to workers aged 60 and above, and the under-privileged in society.

NTUC Foodfare

Compared to prices at 10 food courts and coffee shops in various locations, Foodfare's soft drinks cost the same or less. The same is true of 95 per cent of its hot drinks. Of the eight basic food items in food courts and coffee shops, Foodfare's prices are lower or the same as those charged in the outlets surveyed. The basic items are: chicken rice, duck rice, mixed vegetable rice, fishball noodle, prawn noodle, wonton noodle, laksa noodle and mee siam.

NTUC Childcare

The NTUC has long identified quality but affordable childcare facilities as the key to helping more married women stay in the workforce. But high operating costs dogged the earlier years of NTUC Childcare's operations. At one stage, the NTUC came close to shutting down its childcare operations. But the labour movement persevered because it was convinced that this was an important service for working parents.

The industry developed and grew. NTUC Childcare is still the largest single operator, setting standards in quality early childhood education and keeping down costs. Charges at 13 of its centres fall below 79 per cent of some 500 centres surveyed. Charges at the other 19 centres, which have been upgraded, are lower than 44 per cent of the centres surveyed.

In a sense, the NTUC spurred the development of quality and affordable childcare in Singapore. It could be argued that even without the NTUC's intervention, demand for childcare facilities would have led to its growth. But then, it would have been more costly for parents to send their children to centres run by for-profit bodies.

NTUC Eldercare

With a fast ageing population, daycare centres for the elderly will become as important as childcare facilities – if we are to take a load off the shoulders of working parents. So NTUC Eldercare has established one daycare centre at Woodlands, and is in the process of building a second one at Taman Jurong.

Eldercare prices its rates at the median range of the market. They are higher than those charged by centres run by the Voluntary Welfare Organisations but lower than those operated by profit-making organisations.

It is said that the very poor are well taken care of, and the rich can look after themselves. But those just above the very poor struggle to cope with the problem of caring for the frail, older members of their families. Here is where NTUC Eldercare plans to come in.

NTUC Eldercare subsidises 50 per cent of its centre fees so as to make it affordable to the average Singaporean family. Union members enjoy a rebate of $5 off the current monthly rates.

NTUC Choice Homes

The NTUC moved into the property market to enable middle income workers to realise their dream of owning private property. So executive condominiums built by NTUC Choice Homes are priced at the middle ranges of similar projects developed by the private sector at the same period. Choice Homes' pricing is competitive in the 99-year suburban private condominium segment.

NTUC Thrift

On average, Thrift's interest rates for savings and fixed deposits are competitive when measured against what major financial institutions charge. This has encouraged workers to put their money in Thrift.

Thrift has also enabled low income workers to secure loans which they otherwise would not get from banks. These loans are for a variety of purposes, such as purchase of personal computers, for studies and for house renovations. Some 30 workers have also applied for loans from Thrift to pay for their new homes in Bishan Loft, the latest project of Choice Homes.

NTUC Media

News about developments in the labour movement reaches workers through a variety of channels. Apart from depending on the mass media to disseminate the news, the NTUC has its own media to undertake this task.

With a circulation of 267,000 copies, *NTUC Lifestyle* is the most widely circulated magazine in Singapore. Listenership of NTUC Media's two radio stations is put at 420,000 per week. Reports and analyses of labour and other current affairs issues are published in *NTUC News*. Media's publications and radio stations support various national campaigns, and help raise money for charity.

Overall social contributions

In 2000, Income and FairPrice as well as the other NTUC cooperatives contributed $8.5 million to trade unions, and another $3.2 million to the community. Without the NTUC cooperatives, the labour movement and social organisations would have been $11.7 million the poorer.

During the Asian financial crisis, the NTUC cooperatives came up with a $26 million package of price cuts and reliefs. In the 2001 downturn, they have offered a month-long National Day package that would give workers savings of $6.4 million.

As the economic situation is not likely to change for the better in the immediate future, the NTUC cooperatives have extended the price cuts and reliefs. The final package may lead to savings of more than $30 million.

With traders in the private sector likely to take the cue from NTUC cooperatives in extending a helping hand to Singaporeans in a downturn, total savings will be more than that.

Helping small retailers

There are critics who say that NTUC cooperatives are venturing into too many businesses, and in so doing, they are crowding out the small retailers. Describing such criticisms as unfair, Mr Lim Boon Heng said the problems of the small retailers were not brought about by NTUC cooperatives. They were systemic. Without sufficient economies of scale, these neighbourhood shops would find it difficult to operate. The NTUC Secretary-General said: "If they do not restructure, they would face continued decline."

And if it is not NTUC cooperatives coming in, these neighbourhood shops will have to contend with other, equally big supermarkets, almost all of which are foreign-owned.

The problems faced by neighbourhood shopkeepers are not new. As far back as the 1970s, Prime Minister Lee Kuan Yew had repeatedly urged them to get together so they, too, could benefit from economies of scale. As he said in the 1979 National Day Rally:

"When I opened the NTUC supermarket at Toa Payoh in 1973, I urged provision shopkeepers to pool their resources to set up supermarkets. They have not done so. As a result, because of smaller capital, higher overheads, etc, small shopkeepers find they cannot compete with supermarkets."

But small retailers find it hard to get together. There is too much individualism. The shopkeepers prefer to go their own way, while opposing the entry of FairPrice or any other major supermarket.

Meanwhile, residents prefer to have an NTUC supermarket in their area – so that they can get quality merchandise at fair prices, and earn patronage rebates, if they are union members.

Where feasible, NTUC cooperatives have tried to lend support to these small retailers by allowing them to work together under some franchise scheme. In this way, the retailers can benefit from economies of scale generated by the cooperatives, while remaining their own bosses.

Unity NTUC Healthcare has such a franchise scheme. So, too, NTUC Childcare and NTUC Foodfare. Cheers, a subsidiary of NTUC FairPrice, is in the process of making available Cheers stores to potential franchisees. These are deliberate moves to enable small retailers to tap into the advantages of a large business network provided by NTUC cooperatives.

However, as Mr Lim has reiterated, the priority of NTUC cooperatives must be to the ordinary consumer, and the 430,000 Singaporeans who collectively 'own' the cooperatives. He said:

"NTUC cooperatives will be measured by whether they have helped make a difference to the lives of ordinary Singaporean workers. Our responsibility is to help workers stretch their hard-earned dollars and improve their quality of life."

In the New Economy, trade unions will face even more daunting challenges. Globalisation may lead to a widening of the wage gap. Free market practices may also have undesirable outcomes. Without cooperatives, trade unions will find it even more difficult to safeguard the interests of workers, especially those at the lower end of the wage spectrum. Even the International Labour Organisation has identified cooperatives as a way to mitigate the adverse effects of globalisation and the free market economy. What if we have no NTUC cooperatives?

Stretching the Dollar

When inflation is running at double-digit, should trade unions play a catching game? If they negotiate for a wage increment that is below the rate of inflation, would it serve the interests of workers? If they make higher demands and the companies fold up, what would happen to the workers?

Over the past 30 years, the NTUC has used cooperatives to counter profiteering. By moderating prices, the cooperatives are in effect working in tandem with trade unions. They enable the unions to bargain for more moderate pay increases.

NTUC cooperatives help change the mindsets of many employers about trade unions. Instead of viewing them as belligerent, these employers now see trade unions as rational institutions that they can work with as partners in progress.

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