

Singapore's four-billion dollar loan to IMF challenged in court

Singapore's highest court has agreed to hear a case to stop the country's government from providing a 4 billion US dollar loan to the International Monetary Fund.

The application to the High Court was filed by the leader of the opposition reform party, who argues the move is unconstitutional because it wasn't approved by the parliament and the president.

But the authorities in Singapore argue the IMF loan does not violate the constitution because it doesn't apply to government lending.

Correspondent: Girish Sawlani

Speakers: Kenneth Jeyaretnam, secretary-general, Reform Party, Singapore; Eugene Tan, nominated MP and assistant law professor, Singapore Management University

SAWLANI: In April this year, the Monetary Authority of Singapore agreed to provide the International Monetary Fund with a \$US4 billion contingency loan. The pledge was part of efforts to boost the IMF's resources, at the request of its chief Christine Lagarde. But one critic says the loan by Singaporean authorities involves the potential use of the country's reserves - from savings accumulated from taxes on residents.

The secretary-general of the opposition Reform Party Kenneth Jeyaretnam says the loan is unconstitutional.

JEYARETNAM: It starts with article 144 of the constitution, which says no loans or guarantees shall be given or raised without parliamentary or presidential approval. In this case, the parliamentary records show no parliamentary approval has been sought. Since February, I've written two letters to the Finance Minister, querying opacity in the budget and the true state of our reserves. And in April, I wrote to the Finance Minister, asking whether parliamentary or presidential approval has been obtained. I haven't received a response.

SAWLANI: He also wrote to Singapore's President Tony Tan, who referred him to the Monetary Authority of Singapore...which is overseeing the loan. The authority has yet to respond to Radio Australia's request for an interview. But earlier this month, it released a statement to local media, saying the 4 billion dollar pledge did not violate the constitution.

The Authority argues article 144 does not apply to lending by government - instead, it prevents the government from borrowing without approval from the parliament and the president.

The MAS the loan will not lead to a reduction in reserves because it's part of the country's Official Foreign Reserves, whereby the IMF would have to immediately repay the loan if and when Singapore requires the funds.



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The case has now been brought to the High Court by the Reform Party's Kenneth Jeyaretnam, in his capacity as a private citizen - and received a hearing on Tuesday.

JEYARETNAM: We will know one of two things. Either the unconstitutionality of this is upheld and the loan is 'ultra vires'. Or if it's not upheld, then we know firstly, there are no controls on how the government loans the reserves. And secondly we'll also know that the role of the Executive President is completely redundant because the Executive President is supposed to act as the safeguard on the reserves .. but we already know he has no powers in relation to Temasek and GIC's investments.

Our sovereign wealth funds could fritter away our efforts down to zero, and he could still sit in his office doing nothing.

SAWLANI: He's also argues that \$US4 billion is a huge amount for a country with a relatively small population.

JEYARETNAM: We've got only 3.2 million citizens here. What we are proposing to lend to the IMF is more than the government allocated to health in 2012 - more than twice the amount of the healthcare subsidies. And 40 times what the government allocated to help needy families in Singapore.

SAWLANI: Eugene Tan is an assistant professor of law at the Singapore Management University, and a nominated member of parliament. He says Mr Jeyaretnam's case is plausible.

TAN: The fact that this matter is before the courts, and assuming that it would go to trial would enable both sides - the government and applicant, Mr Kenneth Jeyaretnam to articulate their positions. You know, based on legal principles and all policy considerations. And of course that would then also help to clarify the constitutional provisions. So I think all said, you know, that whatever the intent of the case is, you know I think it's good for the views to be put forward - for the courts to determine the ambit of the particular constitutional provision in question.

SAWLANI: He says the case would also serve to reinforce the separation of powers between the government and the country's judiciary.

TAN: It would also ensure that Singaporeans who are concerned with certain decisions on policy of the government, you know, have an avenue by which they could challenge it, in a process that would be seen as democratic in way that would engender greater confidence and trust within the whole system of governance that we have in Singapore.

SAWLANI: The case will be heard again on the 21st of August.