



## Annex A

### Responses to Feedback Received from Public Consultation on the Proposed Amendments to the Town Councils Act

Consultation Period:  
18 Oct 2016 – 17 Nov 2016

The Ministry of National Development (MND) held a [public consultation](#) on the proposed amendments to the Town Councils (TCs) Act from 18 Oct to 17 Nov 2016. We received inputs from Town Councils and members of the public on the proposed amendments. We also considered related feedback from emails from members of the public, mainstream and online media reports, as well as discussion forums such as REACH.

2. We thank all respondents who have taken the time to contribute to the public consultation. We have studied the feedback and suggestions received carefully and will incorporate them in the amendments to the TCs Act as well as its implementation, where appropriate. A summary of MND's responses to key feedback is enclosed.

S/N	Feedback Received	MND's Response
<b>(A) Clarify the Roles and Functions of TCs</b>		
1	Public agencies should be clear on what co-operation is required from the TCs when the agencies have to carry out their statutory functions on common property.	<p>We agree that public agencies should be clear in setting out what form of cooperation is needed of the TCs to support the agencies in carrying out their statutory functions on common property. This will avoid any ambiguity or misunderstanding of what is expected of the TCs.</p> <p>MND is hence proposing amendments to make clearer the boundaries of TCs' powers and autonomy in relation to HDB and other government agencies. Where government agencies are carrying out their statutory functions on common property, TCs should cooperate with government agencies to better serve the residents' needs and interests.</p> <p><i>Some examples include the carrying out of upgrading works by HDB, installation of surveillance cameras by the Police for public order/safety, and the carrying out of mosquito control measures by NEA for public health reasons.</i></p>
2	The amendments should not result in Government agencies passing on extra costs to the TCs.	As the proposed amendments serve to <i>clarify</i> the <i>existing</i> roles and responsibilities of the TCs, it should not result in additional costs to the TCs.

S/N	Feedback Received	MND's Response
3	Clarity is needed on whether TCs will still be able to invest in structured deposits or bonds to counter inflation.	<p>We agree with the feedback. The proposed amendments seek to clarify that TCs are not allowed to operate business activities that are unrelated to their core functions of managing and maintaining the HDB estates.</p> <p>TCs will continue to be allowed to invest a certain proportion of their funds to counter inflation, subject to the existing limits set out in the Town Councils Financial Rules (TCFR) to limit their risk exposure.</p>
4	TCs might not have the required manpower and resources to prepare for public emergencies.	<p>We agree that TCs may not have the necessary manpower or resources to prepare for public emergencies and will take this into consideration when engaging TCs on developing their public emergency plans.</p> <p>We plan to include a provision in the amended Act to allow MND to make grants to TCs to help TCs defray costs arising from the development of their public emergency plans, where appropriate.</p>
<b>(B) Improve TC Governance</b>		
5	The Code of Governance should be easy to understand and not lead to extra costs for TCs.	We agree with the feedback in-principle. We will take this into consideration when developing the Code of Governance.
6	MND should offer training to the TCs on the Code of Governance.	We agree with the need to prepare the TCs for the new Code of Governance. Our starting point is to make the Code of Governance easy to understand and operationalise. We plan to engage the TCs as we develop the Code of Governance, including conducting any briefings or training for Town Councillors / TC staff where needed.

S/N	Feedback Received	MND's Response
<b>(C) Strengthen Financial Management in TCs</b>		
7	Clarity is needed on whether MND would step in should there be insufficient funds in the Lift Replacement Fund (LRF).	<p>As autonomous entities, TCs are responsible for their own financial planning and management. TCs need to regularly review their finances and take proactive steps to improve their financial sustainability over the longer term. This is so that they have sufficient funds to fulfil their responsibilities in maintaining the estates under their care.</p> <p>TCs are responsible for the cyclical maintenance and replacement of infrastructure in the estates, such as lifts and water tanks, as well as façade repair and repainting of HDB blocks. As these works require significant expenditure, TCs must plan ahead and build up their Sinking Funds over time to pay for them.</p> <p>The proposed establishment of the LRF is a further step in this direction. The LRF will ensure that TCs regularly set aside some funds for the cyclical replacement of lift and lift parts, which is one of the most costly long term expenditures of TCs.</p>

S/N	Feedback Received	MND's Response
8	Clarity is needed on whether TCs would be held accountable if they do not meet their financial projections.	<p>The purpose of the proposed amendment is to put in place a process for TCs to review their finances regularly and plan ahead for both their immediate and long term expenditures.</p> <p>These financial projections are mainly for the TCs' planning and budgeting purposes. In the nature of planning, they serve as useful guides and references, and are not hard targets to be met by TCs. As the TCs collect more data and gain more experience with these projections, we can expect the projections to become more accurate and useful.</p>
<b>(D) Enhance MND's Regulatory Oversight</b>		
9	An independent judicial management arrangement and framework could be imposed on a TC facing insolvency.	<p>We have considered the issue, but note that such a framework would be counter to the principle that TCs are autonomous entities and responsible for managing their own finances. This would include resolving any financial issues that arise and getting out of an impending financial insolvency situation.</p> <p>The existing TCs Act already empowers MND to place a TC under official management, in the event that a TC fails to maintain common property or where there is imminent danger to the health or safety to residents. These powers are nonetheless meant to be reserved as a last resort, to safeguard public safety, health and interests of residents.</p>
10	Clarity is needed on how penalty provisions would affect Members of Parliament (MPs) and whether public funds will be used to pay for fines.	We agree with the feedback. We plan to make clear how the penalty provisions affect the TC and individual elected MPs in the amended TCs Act.

S/N	Feedback Received	MND's Response
11	MND should not impede TCs or intervene in the TCs' operations as these could raise concerns over "favouritism".	We aim to strike a balance between giving TCs autonomy in the management of common properties in HDB estates, and the need for regulatory checks and balances to ensure proper governance and safeguard public interests.
12	MND should not "shame" TCs publicly but adopt a more consultative role by working with the TCs to address their shortcomings.	<p>Under the amended TCs Act, TCs will continue to exercise autonomy and judgement on how best to perform their core functions and will be accountable to residents for their performance.</p> <p>As the regulator, MND will work with TCs to raise standards of governance and monitor TCs' compliance with the TCs Act. Where there are lapses or regulatory breaches, MND will engage TCs and ensure that they take active steps to address the shortcomings or rectify any breaches. To be an effective regulator, MND should be equipped with the necessary enforcement powers to take errant TCs to task, especially for any egregious acts of non-compliance.</p>

S/N	Feedback Received	MND's Response
<b>(E) Others</b>		
13	The review should govern the changeover of TCs from one political party to the next, to ensure better administering of the handover of funds and data. This would avoid politicising the issues.	We agree on the need to ensure a smooth changeover of TCs as and when it happens so that residents' interests are safeguarded.
14	Establish a "professional bureaucracy" in the TCs, to avoid the loss of experienced staff in the TC after an election, should there be a change in party.	In the past few years, MND had in fact prioritised the smooth changeover of TCs in its review of TCs and their operating framework. As early as 2013, in consultation with various TC Chairmen, a TC handing/taking-over guide was developed. This was circulated to TCs before the 2015 General Election to provide a clear and easy reference for changeover of TCs.
15	Need to ensure the safeguarding of vital assets and the continuation of essential services during a TC handover.	In addition, we encouraged all TCs to incorporate an extension clause in their key contracts to cater for the scenario where the contract expires shortly after a handing and taking-over of TC. This includes the key contract for the Managing Agent (MA), which is the "professional" entity/commercial firm engaged by TCs to look after the day-to-day running of the TCs' operations.
16	IT systems are developed by the TC using residents' funds and should there be a change in party after a general election, the IT system should be passed over to the incoming new TC. This would avoid unnecessary costs to residents to develop a new system.	MND will also help to facilitate the changeover process, and had done so in the past. For example, if despite having the handing/taking-over guide, there are still problems which the two TCs cannot resolve, MND will step in to mediate upon request of the TCs.
17	The handovers between TCs can be avoided or minimised if changes to electoral boundaries are kept minimal.	Notwithstanding the above measures, as part of the TCs Act amendments, we plan to include provisions that will enable the Minister to make further rules to ensure the smooth handing and taking over of TCs, as required.

S/N	Feedback Received	MND's Response
18	Town Councillors could be elected by residents, rather than be appointed by the elected members. This could help promote active citizenry.	We wish to clarify that the TCs Act does not prescribe a fixed way on how Town Councillors are selected (e.g. by election or appointment) or how residents should be consulted. The TCs could consider suggestions in these areas from residents.
19	Residents could also be consulted on key decisions through general meetings and town hall forums.	
20	HDB to be the regulator instead so that the regulatory decisions are one-step removed from the political office holders.	We have considered the feedback, and are of the view that it is more appropriate for MND to remain the regulator of TCs as HDB is the legal owner of the common properties in HDB estates which TCs are responsible for managing and maintaining.
21	Instead of the current TC model, the TCs can be merged with their corresponding HDB Branch Offices and the respective chairmen appointed by MND. The elected MPs could then form separate committees to give guidance and work with the new setup to implement infrastructure projects. This would ensure that the towns are managed fairly, regardless of the party in power.	We note these suggestions on alternatives to the current TC model.  The current model of having TCs run HDB estates in the interest of residents has generally served Singapore and the original policy intent of TCs well. The TC framework gives elected MPs the authority and responsibility to take charge of their constituents' estates, and allow each Town to develop its own distinctive character under the MPs' leadership. This would not have been achievable under the model of centralised management by a government agency.
22	HDB, MND or the Government to take back the functions of TCs.	Nonetheless, we acknowledge that the current TC model can be improved to enhance TCs' transparency and accountability to residents, as well as clarify the standards of governance and performance expected of TCs. The proposed amendments to the TCs Act seek to achieve this.

**Issued by: Ministry of National Development**

**Date: 16 December 2016**