

**SUMMING UP SPEECH BY DPM LEE HSIEN LOONG
ON NASSIM JADE & SCOTTS 28
AT PARLIAMENT ON 22 MAY 96**

1. I believe that the concern about SM and my purchases at Nassim Jade and Scotts 28 arose partly because people misunderstood the discounts we received, particularly the 12% discount I got for Jade. Some thought it was a special privilege which we had improperly gained. Our statements yesterday explained how these discounts came about, and why despite these discounts, we had paid fair market prices in normal, proper commercial deals. We had neither asked for nor received any favours from the developer, HPL.
2. The Workers Party asked for a Commission of Inquiry into the all discounts given by HPL. It did not ask for a Commission to inquire into SM and my purchases. Neither has it suggested that we had done anything wrong. In other words, even WP knows that we did nothing wrong, but lacks the political courage and honesty to say so, unlike Mr Chiam See Tong, who stated clearly yesterday that "there was no question of illegality or improper behaviour".
3. SM explained yesterday how he and I decided to treat the discounts as unsolicited gifts, and give them to the Government. I

should explain why after listening to the pros and cons, I decided not to keep the money.

4. It was not because I felt embarrassed about the so-called discounts. No developer or seller would do us a favour by selling us houses, worth several million dollars, at discounts below market levels.

5. In 1986, my wife and I were house hunting. She came across a suitable property. I went to look. I agreed that it was suitable. She then bargained to obtain the best price. Later the seller told us that he had found another buyer who was prepared to pay more, and wanted us to match the offer because he preferred to sell to us. We walked away. We had a budget, we had decided what we could afford to spend, and we stuck to it. This is no different from how many Singaporeans make decisions about major investments, whether in property or in a new set of furniture.

6. Even for the house we eventually bought, which we are now living in, she bargained before we settled with the seller. I have no idea what the "discount" was, because every landed property is different, and there was no standard "list price" to compare against. My wife had for reference the advertised asking prices of various similar properties, and also checked with knowledgeable friends. She bargained for the best price we could get, and so did the seller. Because we were in a deep

property slump, and the whole development was standing empty and unsold, I got a good price – \$1.55 mn. In today's market it looks like a tremendous bargain, but at the time it was a perfectly fair price.

7. In the three years of house hunting since 1992, my wife got into serious bargaining once. The seller told her that he was very keen to sell to me, and tried to persuade her that his final offer was a good price. She did not think so, and so we did not buy.

8. But in that case I was buying from an individual seller, not a developer. Nassim Jade and Scotts 28 were new developments by a reputable developer. So we assumed that the prices offered would be what was offered to other buyers. We did not bargain. It would have put both HPL and us in an awkward position.

9. In the case of Nassim Jade, our concern was that we might have been paying too much, because there was only one other development where the resale market was asking for prices around that range. But because we had confidence that the developer would deliver the quality, we agreed to his asking prices.

10. The point is, when buying a property, I do not assume that the vendor is doing me a favour. If he gives me a discount, it is for serious business considerations. This is not just one extra egg in *char kway tiao*. It could be a straight forward, above board business consideration, or a

crooked one – an “investment in the young man”, as the SM said. At the time I buy, I have to judge whether the seller is above board. If the issue comes up later, as has happened with Jade and Scotts, then the facts and circumstances will be investigated to determine whether I judged right. But either way, discounts or premiums are part of normal business.

11. So I was not embarrassed about keeping the so-called discounts, which I had not asked for in the first place, and was not conscious or aware of when my wife and I made our decisions to buy. Why then did I give the discounts away?

12. The announcement by SM and me that we had bought properties and received the discounts from HPL caused “quite a stir”, as the PM said. Two days later, the PM called me. He said he was concerned about the market and coffeeshop talk. He was convinced that SM and I had not done anything wrong. But he worried that it would be more difficult for me than for SM to weather this rumpus, because of SM's much longer track record with Singaporeans. He told me that Richard Hu had suggested that if I gave back 5% of my 12% discount, it might be helpful. He asked what I thought.

13. My immediate reaction over the telephone was negative. I had not done anything wrong. Why should I give anything back? It would be misconstrued as an admission of guilt.

14. The PM accepted that. He did not press the point; he was leaving it to me.

15. I then discussed it with SM. He also was instinctively against it. But after thinking it over, I thought there might be merit in making a gesture, to re-emphasise that I did not buy because of the discounts given, known or not. But I wanted to make sure that our gesture did not set a precedent that Ministers should not accept any discounts, even though legitimate, in buying properties. The PM intended to make new rules for future purchases by Ministers, requiring them to clear their purchases with him beforehand. One way would be for me to voluntarily subject myself to these new rules, and then, to put the matter beyond doubt that the PM would have approved my purchase under these new rules, to give away the discounts I had received.

16. I called the PM back and suggested this to him. He thought that this would be helpful. So he called the meeting the next day, with SM, me, Tony Tan, Richard Hu, Wong Kan Seng, and Teo Chee Hean, which SM has already described.

17. As we had expected, the reaction to our gesture was mixed. The Chinese educated, particularly, did not think it helpful. Their reaction was like my wife's, when she first heard of it. My wife is English educated, but she comes from a Chinese educated family. Her values are those of the Chinese educated. She was against the idea. She thought it would look like I was feeling guilty. Ow Chin Hock quoted the Chinese saying to me: "此地无银三百两". If you do not have any money hidden, why do you put up a sign saying that 300 ounces of silver are not hidden here?

18. Nevertheless, I still believe it was the right decision for me. I was making it clear to Singaporeans that I did not seek the discounts, I was not conscious of them, and I did not need them.

19. It was a difficult decision. Not because the sum involved is large, although it was. I can still take out a mortgage, ask my parents for more help, or sell my other older properties, something which my wife and I had considered when we were studying our purchases last year. For me, the real issue is not money. It is what signal to give, what tone to set for the government and the country, for the future.

20. Mr Chiam believed that the fuss is because the sums involved seem so large, to a lot of Singaporeans who may be earning \$2,000 a month. Does he agree with Mr Cheo Chai Chen that Ministers should

not buy property to invest in, and be confined to owning the house they live in? Is it wrong for Ministers to buy property in Singapore openly, using their own money, which they have honourably earned, plus in my case help from their parents? It is a vote of confidence in the future of Singapore. It gives them a big stake in getting their policies right, so that their investments are protected, for the long term.

21. Surely it would be more worrying if Ministers did not invest in Singapore at all, but parked and hid their money in secret bank accounts in the Cayman Islands? Or bought properties overseas? If this happened, what confidence could Singaporeans have in the commitment of the Ministers to Singapore? How can they be sure that in a crisis, the leaders will not up and off with their families? What will happen to all the 600,000 households who own HDB properties in Singapore, instead of houses in Sydney, or Vancouver, or the Whistler Mountains in Canada?

22. I have been lucky in my choice of parents. Their most valuable gift to me is not the properties they have helped me to buy. It is the upbringing and education they gave me, which has made me what I am. But what they have done is no different from what many other parents in Singapore do planning, saving, sacrificing, guiding, all for sake of the future of their children, and finally taking pride in their progress and success as the children grow up and stand up on their own.

23. I agree with Mr Chiam that money is not everything. There is honour and the ideal of public service. There is also integrity and individual dignity. There is family, and there is country. That is what PAP politics in Singapore has been about, and all politics in Singapore should be about.

24. Mr Chiam has shown that he has this honour and commitment. But he has not found it easy to find similar people, of the same upright quality, to join his party. Witness Dr Chee Soon Juan. Mr Chiam must agree that the harm Dr Chee did to him and the SDP is nothing compared to the harm he would do Singapore, if one day, by some awful accident, he leads a motley gang of less than honest people like himself, to win a majority in Parliament and form a coalition government.

25. I believe Mr Chiam when he said that he cares for Singapore. But surely he is not the only one in this House? If we did not care, why should SM and I have brought our purchases of Nassim Jade and Scotts 28 out into the open? Why should we be spending time and energy to explain, discuss and debate this issue? Mr Chiam did not move a motion to debate the issue. He did not file a question to ask the Prime Minister for an explanation. Neither did Mr Ling How Doong, or Mr Low Thia Kheng. But the PM called this meeting, after SM and I suggested it to him. It is not what you say, but what you do, which shows whether you really care for Singapore.

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26. To continue to succeed, Singaporeans must have the commitment and the sense of mission, to disprove the odds and do what others believed impossible. This requires idealism, but it also requires a hard-headed, pragmatic approach to realities, both of the world around us and about ourselves, our strengths and limitations. This combination has helped Singapore succeed over the last thirty years. We need this same combination to move forward over the next thirty years, and not relapse into a sleepy fishing village.

27. I thank the MPs who have expressed their views. I am naturally grateful to MPs who have expressed their support for me. But the issue is not personal support for me or for the government, because I deserve to be supported only if I have indeed done the right thing. The issue is to make the correct judgment on the facts of the case, and settle it in a way which strengthens our political system for the long run.