

Release No: 18/JANUARY

02-1/95/01/15

95-GCT-3

SPEECH BY PRIME MINISTER GOH CHOK TONG AT THE
COMPLETION CEREMONY FOR THE UPGRADING OF KIM KEAT
DEMONSTRATION PRECINCT ON 15 JANUARY 1995 AT 7.30 PM, AT
TOA PAYOH, LORONG 7

Kim Keat is the first demonstration precinct under our Upgrading Programme to be completed. You can expect many visitors to come and study your experience. You can also expect a lot of envy.

When I last visited Kim Keat in March 1992, you were in the midst of polling for the upgrading programme. I sensed your enthusiasm, and your eager anticipation of the improvements upgrading would bring.

The blocks in your precinct lacked the facilities and the space of the flats built more recently. Being more than 25 years old, they also lacked the cheeriness of the newer estates. In fact, as I recall, the Housing and

Development Board (HDB) had to hold the upgrading exhibition and polling exercise in several containers because the blocks had no void decks.

Ninety-three per cent of you voted for the upgrading. Now that the upgrading has been completed, I wonder what the remaining seven per cent think?

Looking at the transformation, I am even more convinced that the upgrading programme is the way to share some of our country's wealth with you.

The upgrading programme has three objectives. Firstly, it is to bring up the standards of the older HDB flats and estates to those of the newer estates.

Secondly, it is to retain the strong community ties that the residents had built up over the years in these old estates. With the upgrading, residents will have less need to move out to newer estates.

Thirdly, it is to enhance the value of Singaporeans' assets. Seventy-five per cent of Singaporeans own HDB flats. They will have the value of their homes increased through the upgrading programme.

Tonight, we see how these three objectives have been fulfilled. The estate now has a brand new look. The flats have been enlarged with new utility rooms. The facades of your blocks are appealing. The surroundings have been beautifully landscaped. And you now have a multi-purpose function hall at the new link building.

By how much have we increased the value of your assets? At the start of the upgrading, 3-Room flats in this precinct commanded less than \$80,000 in the open market. Today, I am told, housing agents are offering as much as \$160,000. Your assets have doubled in the last three years. All of you made the right decision, by supporting the upgrading programme and voting strongly for it.

We want more Singaporeans to enjoy such benefits. HDB announced the first batch of six precincts for the Main Upgrading Programme in April 1992.

Since then, we have announced five batches totalling 27 precincts. I have asked HDB to accelerate the programme. This year, HDB will increase the pace of the programme from 10 precincts to 15 precincts per year.

Any further acceleration of the programme will depend on two crucial factors - the construction industry's capacity to cope without begin overheated and the Government's ability to generate budget surpluses to pay for the programme.

Upgrading requires lots of money. For every flat upgraded, the Government subsidises between \$35,000 to \$60,000 depending on the type of upgrading package the resident chooses. This works out to between \$35 million to \$60 million for a typical precinct comprising 1,000 flats. If we upgrade 15 precincts per year, we are spending up to \$1 billion annually on upgrading. HDB estimates that the upgrading programme for all its old estates will take about 20 years to complete, costing about \$20 billion.

Now, pause and think for a minute. Where do we get the money from? It is not from our accumulated reserves. Our reserves are to be used only when there is a national emergency. Enhancing your assets through HDB upgrading is certainly not an emergency.

The Upgrading Programme is funded from current economic growth and budgetary surpluses. Each government must therefore produce the necessary funds during its own term of office for the programme. It cannot draw on

reserves accumulated in the previous terms, even for the same PAP Government. In other words, for the next 20 years, the Government must produce \$5 billion in each five-year electoral term just for the Upgrading Programme alone. To give you a feel of the sum involved, \$5 billion is about the construction cost for the entire MRT system.

That is why I insist on recruiting some of the most capable and committed people into Cabinet. If these people have to be paid two thirds of the top salaries in the private sector, so be it. The additional cost of \$5.0 million per year for all office-holders is a small sum compared to the \$1,000 million the Government has to produce each year to upgrade your flats. If we fail to recruit good people into Cabinet, and we fail to produce the \$1,000 million for upgrading because of incompetency or worse, corruption, you will be the loser. Only a competent government with a talented team can generate the wealth to make Singaporeans better off.

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Tonight's ceremony is, therefore, very significant. It does not just mark the completion of the first precinct in the Upgrading Programme. It is a concrete demonstration of how the Government can make you wealthier through its Assets Enhancement Programme.

The completion of the upgrading does not mark the end of benefits for Kim Keat. There are plans to rejuvenate Toa Payoh. Although the value of your flat has doubled in the last three years, it can go up further if we are able to transform Toa Payoh as a whole to be another Bishan or Pasir Ris. I have therefore asked your MPs to work with the Ministry of National Development to look into other ways to revitalise your Town. For example, the shops in Toa Payoh have been sold to the sitting tenants. We can upgrade the Town Centre. A master plan to do this can be drawn up. Then as each precinct in Toa Payoh is upgraded, the whole of Toa Payoh will be revitalised.

This will indeed be the next phase of the Upgrading Programme - to work out a master plan to rejuvenate each of the older estates as a whole. In this way, the benefits to residents will be more than just the transformation of their precinct. The whole town will be transformed.

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We have done our part to give you a better living environment. But I was disappointed to read about the littering around your upgraded homes in the New Paper last week. If the littering continues, the benefits of this upgrading exercise will go to waste. No more beautiful landscape, no more appealing facades, and gone will be the brand new look of your estate. Surely, you do not wish this to happen. You have to play your part. This is your home - keep it clean and

beautiful. By doing this, you also preserve the value of your flat, which has increased as a result of upgrading.

Tonight we mark an important milestone for Singapore. In the 1960s and 1970s, we struggled to provide a roof for all Singaporeans. In the 1980s, Singaporeans were able to own their homes. Now, in the 1990s, we embark on a new phase where the Government increases your asset value through the Assets Enhancement Programme.

I wish all of you a pleasant evening.

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