

SINGAPORE GOVERNMENT PRESS STATEMENT

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TEXT OF SPEECH BY THE MINISTER FOR LABOUR, MR. JEK YUN THONG, AT THE SECOND READING OF THE HOUSING AND DEVELOPMENT (CONTROL & LICENSING) BILL IN THE LEGISLATIVE ASSEMBLY ON 19TH NOVEMBER 1964.

Purchasers of houses have for a long time been at the mercy of unscrupulous men whose sole aim has been to make quick money at the expense of would-be purchasers. There are, of course, many decent business men who develop housing estates and their service to society is acknowledged as an effective corollary to the Government's policy of providing decent living standards for the people. The Government has concentrated on building flats for the people in the lower income group because this is the group that really needs Government assistance. This has left people in the middle and upper income groups to look to private housing developers for houses. Once his combined family income is up to a maximum of \$800/- per month, it is left to himself to find a house. But this does not mean that he must be left to the wolves. Many of these people, especially in the middle income group, are ordinary working people who dream of purchasing a house. They sweat and toil to save enough money at least for the initial deposit for a house forgoing many of the ordinary pleasures of life. When they are exploited by unscrupulous developers, their dream of a house of their own is shattered and the attendant hardships are of some magnitude.

We must not allow racketeers disguised in the name of housing developers to rob away the fruit of prosperity of our society. Prosperity must be shared. So is the wealth of our country. The common people has every right to expect a decent house of his own and to lead a decent life. We must not allow racketeers to frustrate his hopes. And if racketeers make false plans and promises to rob them of their hard earned savings, it is the duty of the Government to suppress these racketeers.

The few racketeers in the housing business are nothing more than harmful parasites who live on the sufferings of innocent people. They have probably no land, no concrete plans and even no business capital. Newspaper advertisements and flamboyant brochures and pamphlets are published to lure deposits from innocent and gullible buyers. The deposits so made constitute their working capital with which they purchase land not with the intention of building houses thereon immediately but with an eye on speculative profit. They wait for some time until the price of land increases and then they notify the people who have booked houses that in the light of the increased price of land, an increased price over that originally agreed must be paid for the house and in some cases they even return the deposit, after having made money out of the accumulated deposits, with the trite excuse that the booking has been cancelled.

In some cases a transfer fee in addition to the deposit is demanded and when the frustrated buyer finally demands back the deposit, he gets it, but not the transfer fee. If the buyer, on the other hand, had deposited the money in a bank he would have earned interest, but when caught in the web of these racketeers he not only loses his transfer fee but the interest that he would have earned. The racketeer has always the upper hand -- he tosses the coin and confidently expects to call always "heads, I win, tails you lose".

Some of the-shrewder ones, however, give an appearance of legitimacy. They make the price attractively low to lure buyers but what the unsuspecting buyer does not know is that the developer has deliberately excluded from the price he quotes very important items such as septic tank, electrical cables, etc. When the house nears completion, and the buyer is already firmly committed, the developer confronts the buyer for a few thousand dollars more for the laying of cables or installation of a septic tank and so on. What can the buyer do but pay the additional amount demanded for he cannot live in a house without basic necessities like lighting and modern sanitation? It is sad to say that today there are already some house buyers who are in a very ridiculous and pitiful position; living in a modern house without modern sanitation.

We also know of developers who in the final stages of building, suddenly tell the buyers that they have to pay more than the agreed price on the pretext that prices had generally increased. In a few instances, resolute buyers have gone to resist such developers with some measure of success.

I wish to seek the privilege of this House to cite concrete cases of housing companies which have caused hardship to home-buyers. I do this not because I cannot substantiate the charges that I am going to make. It is because I do not want to get involved in endless law suits. I do not have the time nor the money for that.

The first case I would like to cite is that involving the Jurong Park Limited at 38 Jurong Road, 8½ milestone. In 1962, this company published advertisements in the newspapers announcing its proposed housing estate. These advertisements attracted many school headmasters and teachers in Chinese schools in the Jurong area because it presented them an excellent opportunity to obtain adequate housing accommodation close to their place of work. Many of them booked houses, but more than 2½ years have elapsed since then, and the estate is not in its first phase of building programme. I also know of one particular person, a friend of mine, who had dealings with this company. He was so eager to get a house in this estate that he paid \$2,500/- to the company as a transfer fee to book one and, in addition, he paid \$1,000/- as initial deposit. His hopes, however, were doomed to despair for, when six months later he visited the site, he found to his consternation that the site remained nothing more than the original wasteland that it was. There was no sign of building, not even a bulldozer or a building contractor's temporary office.

He, therefore, wrote to the company asking when the house would be completed. The company returned him the deposit of \$1,000/- he had paid, informing him that his booking had been cancelled and that he would have to seek a house elsewhere. There was no mention of the \$2,500/- he had paid to book the house; it would appear that this amount had vanished, not into thin air as would commonly be said, but, I am sure, into the pockets of someone in the company and permanently lost to the person who paid it.

The second case involves the Singapore Trading Company Limited () of 4 & 4-1, Collyer Quay, which has several building projects in Singapore. I am mentioning one housing estate in particular, namely the Hillview Estate which is also in the Jurong area.

About the middle of 1961, the Singapore Trading Company Limited advertised in the press about this estate. They also printed a pamphlet giving details of their scheme and inviting applications. They called it a "Save \$5/- a day to own a house" scheme. In my view this is highly suspect. However, this is a small point and I do not propose to go further into it. The pamphlet asked persons who were interested in the scheme to apply to the Singapore Trading Company Limited. But when they did apply and after several discussions, decided to buy such a house, they were asked to sign the usual agreement not with the Singapore Trading Company Limited but with an entirely different company call the Popular Estates Limited ().

Though I am not familiar with this sort of thing, it appears odd to me that one firm should offer houses for sale and another firm should be a party to the agreement. It would seem to me that this is a ruse to outwit the purchaser because the company that offered the houses for sale cannot be held responsible if the houses were not built according to the original specifications printed in the pamphlet. This would give the second company, the actual party to the transaction, an opening to sell houses very different from the original specifications and the buyer will have no legal right of remedy against either company. The Singapore Trading Company Limited and the Popular Estates Limited are, however, in the same premises and the Managing Director of both these firms is one Seah Boon Heng (). Mr. Seah very recently made a generous donation to the building fund of the St. John's Ambulance Brigade and thereby obtained some publicity in the press as a philanthropist. If the harvest reaped by racketeering is transformed into a donation and makes the donor a philanthropist, may we be spared in future from such a travesty!

Let us come back to this Hillview Estate in Jurong (). Three years have passed but the Hillview Estate is hardly in the first phase of building activity. The worried and indignant purchasers have joined forces and formed an association to protect themselves against the the unscrupulous developers. I commend them for the action that they have taken. Accordingly, the Hillview Estate House Owners and Residents Association was registered on 15th July, 1964, as a society. On 1st June, 1964, three years after the purchase agreement was signed and when the Association was in its pro-tem stage, the pro-tem Secretary issued a circular to its members the contents of which will clearly signify their plight. I quote below a few significant paragraphs therefrom:-

"The Vendor in his last letter dated 26th February, 1964 assured us that the whole project was expected to be completed within the next five months.

Since then three good months have passed and there seems to be no sign of completion even after the lapse of five months. Work seems to be in progress, but only a very slow unsteady pace, which could mean that the target date could be dragged on for another year or so.

We also note from our inspection of the site that the Car Porch is not in accordance with the requirements. The drive way to the Porch is at a very bad angle in practically all the houses. We have therefore insisted to the vendor that at all cost the drive way must be flat or parallel to the ground. You could undoubtedly expected a further delay over this representation. Nevertheless, we expect to attain our aim patiently.

A letter dated 28th May, 1964 has been received by all house-owners from the vendor (Popular Estates Ltd.) recommending that house-owners consider to build on their own retaining-walls in front, back and side of our land, which we are aware will cost well over a thousand dollars. This extra, unnecessary expenditure could have been avoided, had the developer taken greater care while planning the site. We have no intention of suffering over errors committed by the developer. Moreover, there is nothing specific in our agreement to the effect that such expenditure must be borne by house-owners. Therefore, the Committee has decided to seek further legal advice to put such short comings right."

These are the common plights faced by the house purchasers who fell into the merciless grip of these sharks in the building trade. Strange to say, however, the law is used to tie up the purchasers in what is, almost always, a one-sided agreement, in which, unfortunately enough, lawyers play the vital role, and the purchasers are at the receiving end. The law, of course, is an honourable profession and it is most unfortunate that in the name of the law dishonourable documents are drawn up to fix the innocent buyers. Because the legal requirements are met in these documents, it is almost impossible to bring unscrupulous developers to court if they failed to fulfil their obligations. The documents are framed in such a way that the developer is completely free to change specifications, raise the price and use any material he likes, and it is more than likely that these would be inferior ones. There are possibly other ramifications in this type of racketeering but, because I have not got sufficient information on them, I do not propose to go into them now.

In the absence of legislation to curb and control housing developers and to protect home buyers, a fertile field will exist for avaricious developers. Like vicious man-eating sharks they always hunt for their prey. The Government has, therefore, a duty to protect the society from them. A firm line has to be drawn between legitimate business and bubble. The bubble must not be allowed to form and if already formed we must take steps to ensure that the public is protected before the bubble bursts. Legitimate business serves a useful purpose in that it contributes to economic and social development but the bubble, on the other hand, lives on the sufferings of the people and is therefore absolutely anti-social.

There are many other instances and I hope members of the public especially the purchasers who are victims of these building sharks do come forward to give information to the Government and the Controller to be appointed under this Ordinance, so that remedial action can be taken against these sharks in the building trade.

Sir, it is these sharks that have spoilt the good name of the building trade, and it is these sharks that the Government seeks to control and suppress.

Sir, I personally have no special love or hatred for these housing developers. I never had any occasion to buy a house myself. However, as representative of the common people, it is my duty to voice their protest and indignation against such an evil force in our society and if I cannot do this safely outside the House without involving in expensive law suits, then I must do it in this House under its privilege which is meant for such purpose.

The Government is also interested to see that genuine developers will not be seriously affected by this law. We have therefore decided to commit to a Select Committee after its second reading in order to hear views from various quarters. We hope that this bill, after introduction, will help to regularise and strengthen the building trade in Singapore.

NOVEMBER 19, 1954.

Time issued 2000 hours)
