

CLC LECTURE

Public-Private Partnership in Real Estate: A Model for Success in Urban Development

04 October 2018



Various models of Private-Public-Partnerships have driven urban development, both in Singapore and globally. In this lecture, Dr Seek Ngee Huat, Chairman of IRES, will critically review different local and overseas PPP projects. In particular, he will explore how the symbiotic relationship between the public and private sectors has contributed to Singapore's urban transformation. Dr Seek will also discuss emerging PPP-related challenges and opportunities that Singapore may need to address.

Lecture Segment

Dionne
00:00:00

Good afternoon, ladies and gentlemen. My name is Dionne and I'm a researcher from the Centre for Liveable Cities. I will be your emcee for today's lecture. The Centre was jointly established by the Ministry of National Development [MND] and the Ministry of Environment and Water Resources [MEWR] in 2008 to distill, create and share knowledge

on liveable and sustainable cities. The CLC lecture is one of the platforms through which urban thought leaders share best practices and exchange ideas and experiences.

Today, we have the honour of having Dr Seek Ngee Huat to share his experiences in pursuing a public-private partnership [PPP] in real estate from his private sector point of view. Dr Seek is chairman of the Institute of Real Estate and Urban Studies at NUS [National University of Singapore] where he is also a practice professor of real estate. He is chairman of GLP IM Holdings Limited, and a board member of Brookfield Asset Management Inc[orporated], Canada as well as the Centre for Liveable Cities. He is also senior advisor to Frasers Property Limited, and the Canadian Pension Plan Investment Board. He was also previously the chairman of Global Logistic Properties Limited, chairman of ULI [Urban Land Institute] Asia Pacific, president of GIC [Government of Singapore Investment Corporation] Real Estate and board member of GIC Private Limited.

Before GIC, he was a senior partner at Jones Lang Wootton in Sydney. According to a CLC expert whom I work with closely, and some of you might know him, Mr Choy Chan Pong, Dr Seek's former role as president of GIC Real Estate is the job that—according to him—he would give up his right arm and right leg for. I replied that it is a job that I'll give up all my limbs for. So he was outbidded. And evidently, as we can see today Dr Seek is here with all his limbs, didn't lose any along the way. And yeah, we'll be very happy and it is our honour to have him here with us.

Jokes aside, in this lecture, Dr Seek will share more about the Singapore government land sales programme—or GLS for short—and how it has been a key enabler in real estate PPP projects; and how this GLS in particular has evolved to give developers flexibility in determining the concepts and the use mix of the developments. The focus of the lecture would be a cross-examination of the GLS, with international case examples that Dr Seek is very familiar with, and how the government can continue to share more risks with developers in real estate PPP projects.

The format for today's lecture will start off with a presentation by Dr Seek, followed by a Q&A session with the audience. The lecture will be moderated by none other than Mr Sin Lye Chong, who is the group director of Land Sales and Administration group of the Urban Redevelopment Authority [URA]. We'll like to encourage the audience to kindly hold all Q&A [questions and answers] till the end. With this, let us start the session by inviting Dr Seek on stage. Dr Seek, please. (Applause).

Dr Seek Ngee
Huat
00:03:52

Okay, thank you very much for...let me have this... showing up this afternoon. I hope we haven't misled you because when I noticed the first flyer, the e-flyer went out, there was no mention of real estate. It was just urban development, and it's common to associate PPP with infrastructure projects. I don't know anything about infrastructure projects so this talk is about real estate, and maybe that explains why there's so many of you here.

But before I start, I really want to acknowledge Sing Tien Foo and his team at the Institute of Real Estate and Urban Studies at NUS for helping me, pulling this together and the strong support from CLC. So this is a joint project, I'm only the mouthpiece. So right, just started with this.

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PPP in Real Estate

This talk is about PPP, as I said, and the PPP model has been...how it's been used in Singapore. Basically I will start out by giving you a historical perspective of how the GLS programme has evolved over time. And I'm a little bit hesitant about this now that I notice that there are a lot of experienced people who have been in the URA for a long time, including Mr Alan Choe. So I hope my facts are right, otherwise the CLC's got partly to be blamed because they checked the slides! (Laughter) So how the programme has evolved over time; what can we learn from these; and then compare our PPP models with those overseas; and then the learning points from the comparison. And finally, I would touch on the challenges and some of the opportunities, just raise some questions.

So before we get into the nitty-gritty, I thought it will be useful to take a step back and have a look at the broader perspective of what it was like. Now you're looking back since Singapore's independence, it is clear that the symbiotic relationship between the public and private sectors is a key success factor in transforming Singapore from what was then in '65 a poor third world city to a world-class metropolis. In fact, this was one of the main findings in the book that my colleagues, two of my colleagues at NUS and I put together and I like to show you the quote that sort of summarises how we got here. Our way of doing PPP may not be standard around the world but it certainly works. The other reason to showing this book is—unfortunately we didn't bring anything, any books here to sell—to say that the Chinese translation of this book, the Chinese are interested, will be ready by the end of the year. And then I was told, that the Koreans are interested in translating it. So you can see that Singapore does have a bit of influence around the world. So on that, let me move on.

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So in the general sense, you can say “Uniquely Singaporean”, it has been a giant PPP which got us to where we are today. But it is worth noting that during this phase of development in Singapore, perhaps for good reasons, the public sector has been the dominant partner. Now I'll come more to it later on, and it's pretty clear.

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Role of Government

So let's look at the government. We identify five major roles that our government plays. The first three are not unusual: policymakers, provider of—the reason why I'm standing here is because it's too dark, I cannot see what I have written—so the policymakers, the provider of soft and hard infrastructure and regulator. That's common, right? You see this everywhere in the world. So you can see, this slide gives you a shot of the number of government agency involved in urban development, just to...that's all. And the last two, the last two being the...what is unique is that the Singapore...the government here takes on the role as an active participant in real estate development. Firstly, as the largest landowner who controls the release of land for

development purposes. And secondly, the largest housing developer responsible for 80% of the population's housing. So those things are very unique and makes it in a very powerful position, which it has used very well.

So it is the supply of sites for development purposes that is the main subject of today's talk. The sales methods and conditions, pricing, risk and profit sharing, degree of private participation and so on, are some of the things I've got to touch on as we go through it.

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Evolution of Public and Private Sectors

Now first, let's just look at the next thing, is that the...so the public sector has been administering the supply of land through the GLS programme, that's the Government Land Sales programme, we know that. But that has been evolving over the years. In essence, the changes made is about giving more flexibility to the private sector, to decide what they can build on the site. So perhaps partly a result of learning from its past experience, and partly in response to a changing property market.

You know, in the early days, the sales of sites are very straightforward. There are...not much the buyer of the land can do, they just go ahead and build according to instructions, from the URD [Urban Renewal Department] then. Then in subsequent years, more flexibilities were given. The white sites, first of all, to give...to allow the developer to...more flexibility to decide on the use of land, and then we moved on to two-envelope, which is giving more emphasis to design and concept. And so I think we all know about the two-envelope system. The first is to base the competition on design and concept. And then the winners, the selected winners get into the second stage and that is decided on price. So we'll talk a bit more about this.

But it is important also to note that while this is happening, the real estate market has also been changing, with increasing capital and sophistication. So in the early days, they were all undercapitalized developers. Local developers were very undercapitalized, they were housing developers. So and then when they moved to commercial development, the way to recycle their capital properties to sell the

strata title units. That's how we all started. And then things started to improve. We have public companies, we have more integrated...become more integrated with the capital markets. And now we also have REITs [real estate investment trust]. At the same time, real estate markets around the world are being globalized and there's a much bigger pool of capital, institutional capital, long-term capital that are seeking out long-term investments. So that we have to learn to harness more.

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Role of Government

So those are... Now I don't have to want to cover too much about the URA. I think most people here will know the role of URA very well. But just to give it some historical perspective, that in the early days, that many of you are probably much, much younger than me here, will probably not appreciate that the URA actually did a tremendous job in the urban renewal of Singapore. But without the kind of regulations or the empowerment by the regulation such as the compulsory Land Acquisition Act and the control act, it will be very hard to clear slums, and parcel and put...pool and assemble lands to allow development to happen. So just as a statistic, which I hope is correct, that a total of 46 sites between 1967 and '69 were tendered out. You can see how gung ho the government was in those days: 46 sites in three years, probably two-and-a-half. And that was basically in executing the urban renewal programme. Mr Choe can confirm that probably.

But the thing to note that...so those sites resulted in a number of commercial developments which have already gone through a second cycle. You look at the number of office buildings that were along Shenton Way and most of them...many of them are gone, replaced by new ones. And we are talking about redeveloping those in what was called the "Golden Mile", along Beach Road. So they were already going through that cycle.

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Promote Development through GLS

So the GLS is the main, as I said, the programme—and if you look at how it has evolved over time, and I want to do that quite quickly first—so the purpose, as we know, of this programme is to sell state land to the private sector on a price competitive basis. This has not changed. What has changed are the terms and conditions of the sites, qualifying criteria, tendering mechanism and degree of private participation allowed.

So basically, the URA instituted this process and in a PPP language they are really the counter-party to the private sector, the private developer. And of course the development [is all] subject to the rules and regulation of the URA.

Small Single-Use GLS sites

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So the...really straightforward, very straightforward land sales, not much of a partnership as such, that they were mostly small single-use sites and basically the developer bought the site according to the terms, and built according to the terms and conditions stipulated by the URD. No flexibility allowed for a change of use, nor any explicit mechanism for risk sharing. However, there's one little-known fact, and I only learned it when I had a chat with Khoo Teng Chye, and that was that in fact in the first 10 years or so, the government...or the winners of the tenders were allowed to pay the land over 10 years with instalments. Now in this sense, there's some help, some sharing of risk in that sense. And because recognizing that the developers of those days really didn't have the depth of capital to take on to build, and it is a way to incentivize them to bid for the land and put their capital to build the development. Take some risks.

So in that sense, even in the early days, there was some convergence of objectives with the private sector. So on the part of the government, the site was sold and developed and thereby achieving its urban renewal objectives. Whereas as far as the private sector developers are concerned, they achieve its profit motive when they sold out what they

built or leased them out. But I would say that it is questionable, in fact, if these developments achieved the longer-term objectives because I would say that many of these first-generation buildings were of dubious quality, and many were built to be sold off as strata title units and they're not really for long-term hold. Developers have a much shorter, in those days, shorter time horizon, if you like, than the public sector in those days. So there was really a divergent of that. They didn't have enough, I mean understandably in those days, developers didn't have the deep pockets that some of them have here, so they had to recycle their capital.

White Sites and Two-envelope System – Introducing More Flexibility

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Yes, the two envelopes and the white site, as I said earlier on, the white site is really to give flexibility for developer to decide what's best, what use...what's the optimal use for them, in the belief that they understand the market, and they can respond to the market, they are more in tune with the market. So that's one thing. So in some sense you can say if you look at the white sites and then after the two-envelope thing, the buildings that were built certainly seem to have much more...much higher quality and probably higher longevity. The two-envelope system is really introduced to give more emphasis to design as a long-term objective, which is an important long-term objective from the point of the public sector.

But the question often raised on this is that if design is deemed so important, why is the second envelope based strictly on price? So you can end up selecting the highest price with the worst design in the second stage. The other thing that I often heard about this is that, I am sure the selection process is rigorous, but ultimately design aesthetics tend to be somewhat subjective and can be controversial. So those are the kind of risks that one has to take. Then I may want to move on to this so-called large-scale development.

Large Scale Integrated Development

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This gave developers even more discretion to decide on the optimal mix or in response to market demands and phasing. Also [there has also]...explicit risk sharing was introduced for the first time in Singapore. So we look at two projects: Suntec and MBFC [Marina Bay Financial Centre]. Many of you, I'm sure, know these two projects. They have interesting similarities and also differences. By Singapore standard, these sites are considered very large. And they are, at that time, were seen to be carrying much higher risks, at least from the perspective of the developers, and also the government I guess, the private sector. Both are sold, or both were sold on the basis of the highest tender price and not a two-envelope system. But as I said, the MBFC has an option payment scheme to share risk. Now it's worth noting that some of the...or the first thing to come to mind is the IR [integrated resort]. The IR, I understand, is under a different system where it is fixed price, and selection is based on the best proposal put forward. More details, I guess, there were more people here who are more able to answer that than me.

Large Scale Integrated Development: Suntec City

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So some factsheets on Suntec and MBFC. I think I don't need to go to a lot of details, you've seen the buildings, and you know where it is. But the important thing to note just is that...what was the development objective. And that was, the first one, Suntec was to anchor Singapore's position as an international exhibition and convention hub. And all the rest, the number of square footage and so on, I think you know it was only bought for \$208 million.

Large Scale Integrated Development: Marina Bay Financial Centre

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Then as for Marina Bay, it's a smaller site actually than...and that the objective there was to enhance Singapore's competitiveness as a financial centre. I think there was a recognition that the financial world was—and this point I will come back when I look at Canary Wharf later on—of large floor space and that was an attempt to encourage developer to build large buildings.

Forging a Win-Win Partnership in Real Estate Development

So let me just now go through some of the...a review of the GLS system and share with you some of my thoughts. The scenes are entirely mine, this one. So as far as market timing is concerned...let me find the right one, yes. The Suntec was bought by a consortium of 11 Hong Kong tycoons. And the rumour had it that Mr Lee Kuan Yew had to persuade them personally. MBFC were bought by a consortium of two Hong Kong companies and Keppel Land. Both were sold under very depressed market conditions. That's common between the two.

Now, the problem is if you choose to sell under those circumstances, you tend not to be able to get a very good price, what we call under valuation. That's one. Secondly if you are selling them and really want developers to take on the job quickly, you as a public sector might have to compromise on design principles for commercial realities or expediency. So those are the thing that why timing is...can be important. Then on alignment of interest—this is a picture, somebody dig it, out of the 11 tycoons from Hong Kong that bought it—then on alignments of interest, I think it's fair to say that both projects met the hard objectives. We got our financial centre, I mean we got our financial big buildings that have been...now housing a lot of finance-related company; and for Suntec we got our convention centre. Even though now we have a even bigger convention centre. But in those days, yes, we did, in that sense. But that was...seen to a mismatch of time horizons, as I said, that is short-term profit gains versus long-term objectives. Suntec offices were sold very quickly as strata title. And when you have a consortium of Hong

Kong developers, you could see that turning around and getting their return quickly is their main objective. So we can see why that happened. As far as MBFC is concerned, Keppel also sold as you can see, their one-third share in two chunks to a REIT, to Keppel REIT. But this is slightly different because the remaining consortium members, which are Cheung Kong and Hongkong Land, and K-REIT are more like long-term investors. Okay? And that's the difference.

Now let me move to planning and urban design. I'm in dangerous territory, I know, many of you are in that area. But shoot me later on, not now. You got to hear me out. So I think it's clear that large-scale development has greater impact on the built environment so this is important. Urban design is important. So now first of all, I think we can say that there is a lack of complementary [uses] so developers in both cases chose not to have hotels. I mean why do you build a convention centre when there's no hotel. The reason's very obvious. That that's not a long... that the developers didn't see that as a quick way to turn around for Suntec. And the hotels were actually in the Suntec, and this was not part of the original scheme. They were built subsequently. I think subsequently, right? Am I right? Or at the same time? Pan Pacific, you know, Marina South that area. Then as far as MBFC is concerned, again, it wasn't included. So that was one.

Also I think there's some criticism about the two developments are not pedestrian-friendly, there is really no...what you call street-level vibrancy. There wasn't at that time a sense of place making, both sites. And if you look at MBFC, it's more well connected, more open space and yet no vibrancy on the street. So maybe it is because it's incomplete yet. There are, I see still bit and pieces of raw land around. So maybe as somebody said, the two-envelope system could have overcome some of these issues.

Then on marketing, I better check, the marketing side, I think I was...I believe MBFC was the first time we took on and did a, in fact, do a proper marketing to the world, I think this is important, this is a good thing. And then we end up having nine bids I think, and they were quite serious bids, even though it was...the market wasn't very favourable for [it]

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right. Yes, I think a well-orchestrated global marketing campaign is really very useful. This is...especially now because there is so much long-term capital sitting around waiting to be attracted. I think that's something we can do more for future projects.

Risk and profit sharing: okay this is something which I have some personal...more personal experiences. You see, don't forget a developer is motivated by the prospect of profits versus risk. Or in investment terms, expected returns adjusted for risk. That's how we look at things like that. So the higher the expected risk, the higher the expected returns. That's the way the commercial world works on any projects of business nature.

So risk mitigation is a very key part of any investor's due diligence. To really determine the price you can afford to pay, and in order to achieve your expected return. Now, so any risk mitigation will improve the desirability of the land and so a more willingness to bid at a higher price. So this includes like reduced uncertainties: cost sharing, risk sharing. So for example, the assurance from the government to limit the release of new land supply in both Suntec and MBFC [Marina Bay Financial Centre] is a way to reduce uncertainties.

The use of option pricing in MBFC is another way to...is a form of risk sharing and reduced the uncertainty as well. This is an important thing, the option pricing because a lot of developers when they take on a site, a green field site, most of the time the land around it is also not developed. So when they take the risk to develop the site, and if they are successful, they will enhance the value of everything around it. So if therefore, they want to buy the next piece, they have to pay the market price, the enhanced value then. So the option pricing allows developers to enjoy, to share some of that profit enhancement of the surrounding pieces.

So some of you...many of you will know Xintiandi in Shanghai. The risk was enormous to do a job, something like that in China in those days. Shui On [Land] took on this thing, they made it successful, they enhanced the value of everything around it and they had, as a result, had to pay more. But they were still early enough to buy them, and later

on still make a lot of profits. But that was one of the bugbears, if you like.

So the other thing is the MBFC has a residential part, component, which could be sold off quickly and that also helps the developer to reduce his risk. Right, because it's more cash flow coming in in the early days.

Now, the other thing is profit sharing. We don't use profit sharing in Singapore. Whereas a lot of other places, profit sharing is used and it is a very good way to align interest, long term interest, because you have a share of the revenue or the profit in a back ended sense. So to ensure that the project is built according to your long-term objectives, we then...so back ended could be a share of revenue, as I said, after a certain level or returns after a certain level. So all kinds of permutations you can do.

New Master Developer Model – Jurong Lake District

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Then the last thing is the master developer model which there are two areas been mooted, Kampong Bugis and Jurong Lake District. Not a lot of details out there but my understanding of this is, you have...this is Bugis and Jurong Lake District, I don't want to go through it because I think it's still being evolved. It's still evolving, if I'm not wrong and that there's not a lot of details. But it is really, conceptually, a way to shift more of the responsibilities of doing, of developing the site to a private developer.

A More Effective PPP Model for Large Sites

And the question here is, that as we know, it is always a matching of social and policy needs versus the private sector's level of profitability. So the question is, what is the balance? Is the master developed site a good way to do it, to do that? Or are we swinging it a little bit too far to the other side? Should there be a better way, better aligned if the master developer is a single purpose statutory authority? I think a little bit like Sentosa, if you have a large big enough site.

So something that is worth thinking about and this moral is common around the world, of having a single purpose authority to really manage, be the master developer, to manage the development over time. And don't forget, many of these developments go for a long duration of twenty or thirty years.

Overseas Experience

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These three projects I have chosen because I have some personal involvement in them. I told you about Melbourne Docklands, why it's chosen. I'll be very brief on Melbourne Docklands. Canary Wharf is now controlled by Brookfield, where I am a board member. So I have good access to it and George Iacobescu and his team has been very helpful in providing information and Yutian is a project done by Vanke in Shenzhen. They gave me a conducted tour a couple of months ago so I had some personal... I was suitably impressed by what they were trying to do.

Melbourne Docklands

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So let me just move on quickly to...so Melbourne Docklands is a huge site and it was just a derelict piece of a work at the fringe of the CBD [Central Business District] at one end of the commercial centre. And the thing is that when we were appointed as consultants, the CEO [Chief Executive Officer] was very insistent that he didn't want another land use master plan. He wanted a strategic business plan. So that was his instruction and that was what we did. And he wanted one that was executable quickly. And you can see why, because the government was not going to support it, there was no money and all the funding has to be internally funded. So the result of which is—and this was not my work, we took it from somebody else—to say that the first decade was very much commercially-driven, and so again we had the result that there was no sense of community in the first ten years.

But 2010 onwards, that started to...I guess the community started to be concerned and there would be more emphasis on more community

related oriented development and provisions of community infrastructure, open space and so on. I think for those of you who have been and seen it recently, you will understand what this means. It's all very nice but somebody said, there was just no life.

Canary Wharf

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Then we go to Canary Wharf. The reason I picked it is because it's got thirty years of history and it went through a lot of ups and downs. And there are a lot of learning lessons we can get from Canary Wharf. So I just wanted to say that Canary Wharf was really another derelict, rundown places that the UK Central Government at the Thatcher years wanted to revive. And it was called, it became an enterprise zone, which means it had tax concessions. So O & Y [Olympia and York] here, acquired the site in 1988[sic]. I'm cutting out a lot of stories there. O & Y bought it in 1986 to do this. Construction began in 1988. Unfortunately, when the large amount of city space became available in the first phase, 4.5 million square metres, it coincided with a huge property slump. The result of which was O & Y went bust, and that it was taken over later on by Canary Wharf and then the Canary Wharf Limited. It's now a JV [joint venture] between two groups. But Brookfield runs this. And now it's a thriving employment and—what do you call that—retail hub.

So, now what is very important, I think a very important point to note and I alluded to it earlier on, and that is why did Paul Reichmann of O & Y, Olympia and York took on such a big risk? And that was because he saw what was happening in Wall Street, that the whole trading floor has changed. Now the financial banks and so on need very large trading space and also extensive use of computers and redundancy power. So they figured that by then, this movement will move to London. And indeed, London government took all this and they had this Big Bang. Some of you may or may not remember. So the demand was there.

But the thing to note here is that, unfortunately, Paul didn't have the depth of capital to hold it. And when there was a huge hiccup in 1991, '92, he couldn't hold. Then whoever bought it then profited from it and

built on it. So that as you can see, this thing has been going on for a long time.

So let me show you, this was what it was like in 1980, this was where we get information from. It was really nothing, 1985. Okay, the DLR is the Dockland Light Rail, when I went there in the early 1980s...yeah 1980s, there was only the light rail running and I looked at this thing and all these big buildings coming out and that was the only way to commute. I call it a toy train. And it was, it looked like a toy train. The problem was, the Jubilee Line extension which is a subway station that connected to bring people to Docklands wasn't built as promised by the Government and that was one of the contributing factor to the fall of...to the problem that Paul Reichmann encountered. It was in 1998, almost ten years later that it got built.

And now, 2004, you can see the working population is fifteen thousand, one million square feet; and 2018, one hundred and twenty thousand, and 2025 they expect two hundred thousand. And don't forget, the Cross Rail is being built and in fact one of the things they did which was very smart, they offered to build the station, the Canary Wharf station for the Cross Rail for the government and on top of it, they build a huge shopping centre. So you can see that they are very proactive. I think I've said some of this so we can skip, the reasons for the failures and so on. Basically the failure was due to the government not being able to commit to deliver on the transportation needs. And secondly, is that the developers just didn't have the capital to hold.

And then on the plus side, I think you know the reason. I took this quote from George Iacobescu, I think he, you remember when we were looking at MBFC, he came around. He was one of the people that was consulted and he has been very nice. So this quote basically says what is needed for a PPP. Right, if I can read it, "In a public private partnership the most important thing is to get the incentives and objectives aligned. The public sector must get the best result when the private sector is successful and vice versa." So whether it is on the basis of sharing profits, reducing costs, or creating jobs, a good PPP is a win-win for both parties and I think this is really what it is.

Yu Tian Village

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So let me go to Yutian. It was really, during the days when Shenzhen was developing very rapidly, the farmers, what was then urban fringe were then building all these, what I would call them, walk up apartment blocks. Really sub-standard stuff that they were building and hardly any amenities. The alleyways between the buildings were so narrow, you can almost touch it from one to the other. So what's happening is that these locations now are becoming pretty prime as the city expanded.

So Vanke, I mean this is what they call Chengzhongcun [城中村] "The village in the city" project which has been encouraged by the government and Vanke is a private developer. Took it upon themselves, this is their own initiative to...basically did a master lease with the farmers, upgraded them and then rent them out. The interesting thing is when I visited this site was that they were converters, what we currently would call them, co-living space. So they upgraded the whole thing, better, and then they and these places they created a lot more, I guess common areas, more interactive space for young people. And it's intended for young people. Interestingly enough, Vanke assigned a young group of employees to take charge of this project and they know what the younger people want.

Another interesting thing I found out was, there was no paper work. All the administrative process of renting is all through an app. They designed an app to do this. That was how the whole thing has become quite different from the way everything was done. So what they did was they changed some of the façade, make it some cheerful colours, like this. And this is a comparison [of] what it was before—I won't go into a lot of detail, no time—and this was how they changed it.

This on the right hand side, the extreme right hand side at the top, is a show of...see these buildings are all different heights, five storeys, six storeys, seven storeys and so on. They connected them up, with staircase linking them up. So these rooftops of different levels become very interesting. And they could be used for common interaction, for [common] purposes. So I think it has worked very well. And it actually

provided a need for the city and upgraded what was a blighted area. So I actually will call this an impact investment, which means to say you actually providing a social service and yet get a modest return. These are some of the facts, I don't think we need to know that.

Learning Points from Overseas Cases

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Now I just want to go through it, some of the learning points by making this comparison. The first one is private participation and what are the learning points we get by looking at the overseas cases? Certainly the overseas cases have a much higher level of private participation. So the private sector is both more willing and able to take initiatives. In the case of Canary Wharf, they actually proactively contributed to the building of the stations as well as contributing to Jubilee Line. In the case of Vanke, it was entirely their initiative. Singapore however, our style is we tend to be more prescriptive in approach. Maybe there was a deep mistrust of private developers. So Singapore, to tap on, if there are innovative ideas and innovations from the private sector, I think more latitude had to be given to them and there had to be improved level of trust.

So maybe the master plan approach is a way to do it and I also see that recently I read in the newspaper, this called the Business Improvement Districts where the government contribute money to get the private businessmen to work together is another sign that we are moving in the right direction.

The next thing is choice of partners. I think this is pretty clear. We want partners to have strong financial resources and shared long-term values. So as I mentioned before, the consortium of each Hong Kong tycoon, not necessary the best choice for a long term project. And O & Y wasn't the right group because it didn't have the financial muscle for such a long project that could go through these kind of huge problems. They have ambition, but they don't have the depth of capital. Alignment of interests. So as I said, they are motivated by profits, but we have to bear in mind that not all developers are about short-term gains. I think that is an important thing to remember. Because you look at Canary Wharf, is a good example of long-term strategies that it has pursued for a long

time. It has been there for thirty years and still there, and still developing the place. In fact, I took a quote from Michael Koh, it's not easy to satisfy Michael Koh about urban design. (Some laughter in room) And when he compared the MBFC to Canary Wharf and that was what he said. That it was more interesting, in other words, the developers actually put some thought into it, to make the place interesting. There's more, greater sense of placemaking too. I won't read it. I don't know whether Michael is here.

00:50:17

So the other thing is reliability, and delivery. I think we went through that, I won't talk about it. Another thing is you have to set realistic targets. The Canary Wharf case is a very good example that there was a fixed date that they must build 4.5 million square metres by 1991. There was no flexibility. So there must be some built-in flexibility or the period of time given had to be more than reasonable. I think in the two cases of Suntec and MBFC, I think we were probably...maybe in the Suntec site, it was not as reasonable as MBFC, because 10 years and eighteen years, right? So cooperation and interaction throughout the project durations, I think it is important obviously in any long-term project, like going through a lot of twists and turns, ups and downs, there must be continuous cooperation and interaction between the private [sic public] sector and the private developer. That was the great thing about Canary Wharf, that George has been able to do all these years. And regulatory transparency we know is very good for participants in these projects to know exactly what they can do, and what they can't do and to move on. The last thing is that Singapore Inc. has some unique strengths. And that these strengths are actually essential ingredients for a successful PPP, which private partners in other jurisdictions can only wish for. The first one is that, it is the largest landowner. It's good and bad, but I think generally good because you can control the supply of land. And they have used it well in cases where you need to in Suntec and MBFC, right? So you can turn on and off the switch, which is a great thing to have. But of course the great burden is, do you know when to turn it off and turn it on? And that's not so easy. Sometimes it's very hard to play God.

So, the other thing that we often forget is that it is a one-tier government. Most jurisdictions have three tiers. I got three minutes. Three tiers, three minutes. And that it causes all kinds of political strife between the different government [departments]. I won't tell you the stories about Canary Wharf but later on we can talk about it. And of course we have a very competent, reliable, efficient, public service. And that's important that we know, whatever the public sector say they would do, they would deliver. I think that that is something that is very hard to get.

Future Challenges & Opportunities

00:53:15

So I just want to quickly cover the future challenges now, that what do we have to do. That the first thing is, I think in the Singapore context we need to foster greater private participation and we are so good at what we are doing in the public sector, that, and so dominant we are asked the question that sometimes you know it becomes a negative when you are too good at something. It may run the risk of actually suffocating or stifling new ideas and new ideas and innovations from the private sector and don't even give them a chance to do that.

So also the other thing I said earlier on, that developers are very different from the early days when we developed all these schemes. They are much more sophisticated, they are much more well-capitalised and they have seen the world. They have invested overseas and then we have overseas investors looking at us. A huge pool of capital now. The other thing is the public sector is good at a lot of things, but it's not good at everything. It's not really good at harnessing market forces, it's not good at, I won't say it's not good but I'll just say it's not really their forte. Public servants are not appointed to deliver on those things, those expectations. The private sector on the other hand brings to it market knowledge, entrepreneurialship [sic] not to mention capital and a willingness to take risks.

The question is, in Singapore, whether the public sector can genuinely step back to allow a much higher level of private participation. It probably requires a change of culture or mind-set, and I think and

perhaps to increase the level of trust in the private, developed sectors. So it means enabling the private sector to be more involved in more upstream decision-making. And we see some of the projects that probably that are not doing quite as well like one-north. Would the public [sic private] sector have made a difference if they had been involved right in upstream.

Okay, so I want to go to demographics and these things. Demographics, I just wanted to say that looking ahead for Singapore, I think there are a lot of opportunities for more private participation. One of them is our changing demographics. We have an ageing population, we have a falling birth rate, we will need more health facilities and more welfare services. So that's one change.

The other thing is, we have a new group of people that have overtaken people in our generation, the baby boomers. They are called the millennials. They have a different outlook on life, they have different lifestyles that they want. So maybe, and I would think that in the next twenty or thirty years, the millennials are going to determine the type of real estate we produce. So in both cases, there are both challenges and opportunities for greater participation from the private sector. Just to mention a few ideas to illustrate this point. Building a healthcare facility for example, has always been a public sector domain, but I think we should allow private sectors to play a better role. I mean I was shown Kampong Admiralty, it was entirely a public-sector initiative to build smaller units for older people and in a integrated complex with health care services, shopping and a lot of other amenities including childcare. Now, why shouldn't the private sector be involved? The only deterrent in Singapore is the high land cost. So can this kind of project be done on a BOT [build-operate-transfer] basis where the land is free? And private sector BOT means 'build, operate and transfer'. That people, qualified operators, could take on this kind of role.

The other thing is that for millennials for example, maybe we need to provide greater housing choices, as the Vanke project, I kind of learnt from that, that with falling population, with ageing population, at some point in the future, we are going to have excess public housing, obsolete

or/and excess housing. Can we not invite the private sector to come in, to convert some of these public housing and turn them into co-living space for the young people? And think of it, if Singapore can be a hub to, I guess, attract talented young people, affordable housing is something they want. And we know all the millennials in the world, in the big cities, they all want to live in the city centre or close to the city centre. At certain stage of their life, they don't mind co-living. In fact, they love that. So there's some opportunities here that we can think of to do it.

So now the other two, I don't really want to say a lot. I think there are a lot of people who have much more knowledge than me about relocation of government resources. What it says is that—and remember our government has warned us that they are going to raise taxes because more money is going to be spent on welfare and other kind of amenities—so what it means is that, it's an opportunity to dig in the private sector pocket to participate in some of these projects that we...you know, more impact investments and other profitable organisations that they can get.

And the last one is new technology. I'm sure most of you know much more about that than me. But the one thing I want to say is that, the private sector is probably more in tune with the technological changes and in applications. So there's certainly more room giving the private sector the leading role in a partnership in certain kind of businesses whether it is, you know smart city technologies, energy, all kind of new areas that we are in.

Thank you, I know I ran over time but I was trying to go very fast at the end.

(Applause)

01:00:14

Mr Sin Lye Chong
01:00:16

Thank you Dr Seek for your talk, it's given us a lot of food for thought, including myself. I have been involved in GLS for a long time. Maybe I'll start the ball rolling with a question, partly for personal benefit as well. You talked a lot about GLS, how it evolved over the years and so on and

how there's room for improvement. So I am really curious to hear from you: if there's one thing that you think is...that you could change and it's important to change for the GLS system and the programme and how it's run, what would that one key improvement be for GLS?

Dr Seek Ngee
Huat

Make the price cheap... (laughter in room). I'm sorry. I think that's not possible, given our system. I think my central point in this is that if you look at the way we have evolved over time, Singapore land development sales programmes, I think we need more input from the private sector, both from the point of view of leverage of their...not just their capital, which is important right, but also new ideas, that now we are a different world from what we used to be 20, 30 years ago. And that will be...if we continue the way of not letting go, we are not going to be able to leverage off that area. That's the central point that I'm trying to make. But I think it's easier said than done because I suspect culturally, this is not so easy to do, right, given how we have...how our society and how our government system has moved along over the years. But at the same time, I think the government is probably recognising this, and I gave the example of the Business Improvement District, that they are quite happy to contribute public sector money to encourage the private sector to do.

And the other thing, of course that we tend to think that private-public-partnership in big hundreds of million dollar projects. It doesn't have to be. This is one example and there are others. Like healthcare facilities for example, it doesn't have to be multi...hundreds of millions of dollars. It doesn't have to be another MBFC or the IR.

Mr Sin Lye Chong

Okay. Now I'll open it to the audience for questions. If you could just state your name and perhaps which organisation you're from before you ask your question. Can we have the first question please?

AUD1
01:03:14

Too many questions. But I will refrain myself, to say a few comments for Dr Seek to give us some responses.

Mr Sin Lye Chong

Where are you?

AUD1

Sorry, I'm sitting down.

Your first remark...I'm not going to shoot the messenger, but this is a clear message to other people who may be misreading your message. In

architecture and urban design, one of the most dominant affirmation of a signature project is creating controversy around it, good or bad or ugly, or all the above. Earlier you talked about aesthetics being subjective. Not quite. Anyway, that's my personal opinion, so you think about it.

Secondly, it's...I think you mentioned about the street-level activity of Suntec and MBFC right? But to be fair to URA and the developer, the subterranean strata is thriving very well, for the reason that our hot and humid climate is not very conducive to walk around mid-day. But you go down to that level, it's a beehive, okay.

Third comment—healthcare. If only it's as simple as you are suggesting to get some private sector participation in the healthcare facility, because healthcare in itself is very complex and in healthcare, if I'm not mistaken, in Singapore, it involves many ministries—PMO [Prime Minister's Office], MOM [Ministry of Manpower], MND, MOE [Ministry of Education], MOH [Ministry of Health] of course, besides others. So to try to tweak that existing balance, you may face the problem of not being able to meet our healthcare needs with four percent of our GDP [gross domestic product]. It'll probably go to double digit like the US [United States] or the UK [United Kingdom] or Australia or, even Canada. So your comments please, Dr Seek. Thank you.

Dr Seek Ngee
Huat
01:05:28

Let's start from the last one, I actually couldn't, didn't get the first question. [Mr] Sin, you will help me. He can hear better than me. That's the problem, when I'm getting a bit of problem with hearing. It's okay, I think I have someone here who can hear.

But on healthcare, I'm not suggesting that it's easy at all! But I think if we think it's difficult and don't try, that's the end of it, it will forever be like that. I think there are opportunities and in fact, if you look at...just you know you don't have to go through a lot of healthcare and the intricacy of it. You just look at for example, senior housing or assisted living. Other parts of the world, they can do it, the private sector can get involved and there are different grades, that's the one of the advantages of it, that they can provide different kinds of housing. And then the public sector can take on whatever that is not really viable for the private sector to do. That's all I'm saying, that we should be open minded about

it. See, Kampong Admiralty is, I'm very, very impressed with what they have done. Now it looks like it's working, but why can't private sector do it if they don't have to pay for the land, right?

So the other second question was...oh, the MBFC. Well, the ground, I'm not talking about the subterranean level, that's...in fact I've walked through that recently, I give you my own experience that...I decided that, you see I had a meeting at PriceWaterhouse[Coopers] and I decided to take a train there. So I worked out which station and got in there. My goodness, it was so difficult to find it! That was one of the problems going through. And the signage at the moment is very bad. They said MRT station, when I came down, I kept walking. I kept walking, walking, and then it was a dead end. And then I got up, I found the nearest staircase to get up to the surface, and the MRT station was like about a block away. So I think there are some difficulties. Maybe, as I said, maybe it is not mature, maybe you need time for that to happen.

Dr Seek Ngee Huat

Okay. I said that...I did say...maybe I'm a non-architect so I can say I like this building or I don't like this building, right, that's the level I'm talking about. But even architects disagree that whether something is architecturally aesthetic or not...and it can be controversial, I'm just saying. It's not a big point.

AUD1
01:08:24

No, my point is that one of the best way to judge the significance of the design is whether it has accrued or created controversy around it. So that if it does, historically, it will stand up as a signature project. If it doesn't look good, look on, look good, eventually everybody forgets about it.

Dr Seek Ngee Huat

I see. Well, if that's the view, that's fine by me. I'm no architect and I would prefer things I like. It doesn't matter whether it's controversial or not.

Mr Sin Lye Chong

Can we have the next question? You just raise the hand; somebody will pass the mike to you. Right.

AUD2
01:09:12

Dr Seek and Mr Sin. Sorry, it's not one, I got three comments to make, it involves inter-related to some of the comments and growth trends that Dr Seek mentioned just now. I think if we look at this whole land sales

process and especially in expanding its reach into other areas like master planning and so on, then I think we forgot to look at one very important aspect which is totally missing, which often is the taxation part. Now, I can appreciate all these years, our taxation rules have developed to change into different kinds of competition and control measures. But yet, if you want to look at tapping on the capital markets, deepening the involvement of the capital markets in such areas, then I think we are a little of bit pulling in different directions where our tax authorities are looking [at] it in a more punitive and control perspective rather than encouraging bona fide investment, that can come in at different times of the life cycle project. And especially in a master planning project where it comes in phases, then I think we really need to look at it in totality. But unfortunately, I do empathise with our fellow practitioners at the URA, sometimes acts only as a sales agent in such a...or a facilitator in the first part only, but not so much on the financial part of the whole project equation.

Now secondly, it's also this thing about in the two...dual-envelop system, although different version has been given, but the general impression that developer have perceived now is that it's always a case of just pass or fail. How well you really do, how well you score in a design, at the end of the day, when you open the second envelop, it's almost redundant because whether you are first, second, or third, it doesn't matter, it's still the highest price that wins. And I fully appreciate that we need to award to the highest bidder in the end, but perhaps there could be a differentiation of sorts like you do score like maybe 50 percent on point system, not just a pass and fail, because like you say, it is subjective. At the end of the day, when you open up a design, nowadays it's not just a drawn design, but there's music, there's a video involved, it's emotive, what's the brand name, who are the architects involved, who are the business operators, different things appeal to the panel, right? So to me, the subjective element has expanded in spectrum.

And thirdly, I think I very much applaud the planning authority's efforts in recent years to include a lot of non-commercial real estate—bus interchange, hawker centres, healthcare centres, childcare centres.

But...and especially, I think these would have a lot more application in the scope of master planning. But when we do this, we must bear in mind that the approval, the planning system is a lot longer. So whether is it the time to market, or the period allowed for sale, I think, to be fair, to be encouraging to the developer, to the investors, I think the timing must be given some consideration and when the market gets over heated, when the control measures come in, you often put these long-term developers in a bit of an unfair disadvantage because theirs was longer to hit the market not because of by their choice, but because of by the complexity of the product. But yet, no differentiation is given to that kind of thing.

Thanks for bearing with my long comments. Thank you.

Dr Seek Ngee
Huat
01:12:47

Thank you. I think the last question should be answered by someone from URA. I really don't know enough about how URA, all these process and procedures and the criteria that they use, to be able to answer those questions at the end. All I can say is that yes, for developer, time is money. The longer it takes, the higher the cost to them. So it would help to be able to expedite approvals and whatever things that are required. So that is a general point I can make.

The question about tax. I think you can argue, maybe globally, that in fact, the tax system in Singapore, at least the direct taxes, are much more...are simpler. And we are not a high-tax country in that sense. Are you talking about property taxes? Oh, stamp duties! (Some laughter in room). Stamp duties are introduced for reason you know, right, so I think...we all have different views on it. I think, as I said, sometimes to play God is not so easy, when you switch on and switch off the market. But when you don't do it as a responsible government, and if the market should go bust as a result and we have a lot of people in trouble, how would you feel when that happens? So I think it's a difficult choice on that. I would say that this government is much more proactive in this area.

Mr Sin Lye Chong

I'm supposed to be the moderator for this session. But maybe just a very small comment on the part of...I think the recent sales sites, you're right, it included things like bus interchange, childcare centre, CC [community

centres] and so on. So longer time to build, you would know, yes, longer time to build, seven years, six years, more than the normal five years. But longer time to sell the condo units is a different story. So I think all I can say is that if you need more time to build, I think we are much more flexible. But on the time to sell, there's reasons why it's restricted, it's deliberate, yeah. We can talk later. Yeah, this is something that I've heard before from many developers.

Can we have the next question?

AUD3
01:15:40

Thank you. Dr Seek, excellent for the audience, excellent presentation. Thank you very much. This is a bit of a plug also for the Urban Land Institute, if I can say so, that we've been involved with some elements of this, in terms of the input. And we're very proud to be a part of this and working with the URA for the Jurong Lake District master planning and the input, which was an interesting exercise in itself. Aside from that, just looking at it from credit where credit is due, personally, from an urban economist, as well as a planner, architect, investor, developer, now a capital markets manager at the moment, I've got to hand it to URA and the Singapore government for the urban economics side of it, in terms of being able to make money out of land. I mean, there is probably no one that has been able to balance and be able to say confidently that the ability to plan, execute and make money out of land has been better demonstrated anywhere in the world. So my hat off to the Urban Redevelopment Authority and all the other agencies and departments, ministries and what have you.

I would however like to touch on this point and I know that it's a little bit sensitive insofar as the element of release of control. So what is it, Dr Seek, do you believe would be the real catalyst for the release of the control, the ability for the private sector to take more control? What is it in particular you would advise the government in this case?

Dr Seek Ngee
Huat

I think I've said throughout the presentation, the one theme that I was trying to put forward is that if you compare to what...how PPP is done in a few other countries, certainly the PPP there have much more private participation and that it seems to me that the private sectors there are

more willing and more able to participate. Now, why don't we see this here? So what is it that is preventing that from happening?

I think it's a case...I think it's we have built up a system where it is very prescriptive in approach. And that it may be because the private sector here is getting used to that—waiting for instructions to do things. And that has to change if we want to tap on their innovations and their new ideas. Like “Oh, what is the next thing that the government is going to do? We'll just follow. We won't get wrong; we will be okay.” So I think that is the...it's something not very tangible that I'm talking about, but therefore much more difficult to achieve, I think. Whereas if you say, “I want to build this building or this road,” that's easy, that's a very definite thing to do. But this is about changing the way we do things and the basic philosophy and the culture behind it. So I think it's got to be both ways, but I see some positive signs happening, as I've mentioned before.

Mr Sin Lye Chong Ah, you're going to...

Mr Khoo Teng Chye
01:19:26

Can I make a comment? I think it's a great talk, Dr Seek, and you've captured the history fairly accurately except one little point, and I have to make that little point because of the man sitting next to me [Alan Choe]. You said the early sales, the quality was not good. True, I think, true for the very early sales, I think, this man can correct me. But I think you left out one important aspect which is that a lot of emphasis, maybe after the immediate early sales, but probably late '60s, early '70s, tremendous emphasis on design. And I think that emphasis on design, not just price but design—and I won't go into the details of how that was decided because that was also a little bit of controversy—but because of that emphasis on design at a very early stage of building our city, we got projects like the Gateway in Beach Road, Paul Rudolph's Concourse, OCBC [Overseas Chinese Banking Corporation] Centre and of course our own local architects, now very much in the newspapers—People's Park Complex, Golden Mile Tower, Pearl Bank. So these were all products of the early sales sites. And I think the man responsible, really, I would call him the father of urban renewal in Singapore, my first boss in URA, he was the Head of Urban Renewal Department and the one who really started all this public-private-partnership in urban renewal, I think he

can tell me, correct me if I'm wrong, but I think that emphasis on design, in the early stages of our urban development, I think it was a very, very strong impetus to really shape, I think, the kind of design influence on how Singapore has developed. I think not enough credit has been given to that, those early days where although we were still a young city, there was so much emphasis on quality developments and quality projects. So Mr Alan Choe, you might want to add on. (Laughs).

Dr Seek Ngee
Huat

Let me just this, that I agree totally. Maybe I should have qualified and said "many".

Mr Khoo Teng
Chye

It's okay, I think you were just trying to...

Dr Seek Ngee
Huat

...many of them were really sub-standard and you...

Mr Khoo Teng
Chye

You want to add on? [Mr Choe shakes his head]. He's very modest.

Dr Seek Ngee
Huat

That's why when Alan appeared, I started to have some worries about what should I be...(Laughter in room).

AUD4
01:22:08

Hi. My name is Sunny Tan. Dr Seek, can I ask in the capacity...I am a part-time adjunct trainer at the Civil Service College [CSC]. And we have a lot of people from the surrounding countries, government officials normally come to Singapore for training and learning our experience under Temasek Foundation's sponsorship. And one of the key topics, normally, they come to Singapore to study, is this issue of PPP. And inevitably, those countries that send their officials here to learn about so-called our Singapore PPP experience is, these are from less developed countries. All these Uzbekistan, Kazakhstan and ASEAN countries. And the starting point for their interest is, these countries are at the developmental stage—government want to do a lot of things, but don't have money. That is the driving force for them to do PPP.

But in Singapore's context, at today's status, we probably got...we don't really need the money from private sector for any joint PPP project. So can we say that the time has come where the driving force for PPP in Singapore should be perhaps, as you said, Dr Seek, it can be smaller

projects with the purpose of helping entrepreneurs, the private sector, to build up the capabilities to go regional, worldwide by government working with them. I don't need the capital, but I want to give the opportunity to build up capability for small entrepreneurs, small projects, to big projects where they can grow global in terms of capability. That's my question.

Dr Seek Ngee
Huat

Okay, I think, as I mentioned earlier on, I think it's pretty clear that the public sector has been the dominant ...played the dominant role in any public-private projects, and for good reasons. And that's why we have the quality of the urban development here in Singapore. And that's why we have all these participants from all over the world are coming here to learn from us.

But I think we have reached a stage in our development, which I think, if we want to move forward to the next stage of development, given how the world has changed and how new ideas need to be used, we need to allow more participation from the public sector. We've got to believe in the private sector a little bit more than in the past.

So I'm not saying...actually, I'm not a believer that we should help our private sector experiment with something, and with government help. I think significant project, like healthcare project and other things, we should be picking people, private sector people whom we know can deliver, to be able to then transfer the responsibility to them, in a sense. But if we start saying, "Oh, let's try this one, try that..." I think we might be in for a bit of trouble. If we do that, and it fails, then they'll say, "There you are, we shouldn't have done this because the private sector screwed it up." So I think of course there's a lot of...very simple for me to say this, but I'm sure a lot of work needs to be thought through, now, and to be able then to implement. But the general point I'm trying to make is that it is not a case of what...you know, the past 50 years has been great for us. The next 50, I think we've got to be much more up to the changing needs out there.

Mr Sin Lye Chong

I think we only have time for one last question. The gentleman over that.

AUD6
01:26:07

Hi, good evening. I'm Yee-Shin from CapitaLand. Thank you very much Dr Seek for an extremely interesting talk. I think many of the developers in the room will probably agree with you, with many of the points that you've made. My question is about the alignment of incentives that you talked about, that is essential to the success of PPPs. I think it's fair to say at least anecdotally in Singapore, there are perhaps a slightly mixed reputation for PPPs. I mean I think Sports Hub is a quite prominent example where perhaps, there were quite a few learning points. But in other areas like public utilities, I think PPP has delivered very strong results, perhaps because the deliverables are much clearer, are much more commodifiable [sic] and therefore, the PPP model has delivered very strong results.

In the area of real estate, where perhaps sometimes, the government objectives may change over time, or may not exactly be so tangible and so clear, perhaps you can elaborate a bit more in your experience overseas, what are some of the learning points to ensure, or if not ensure, at least better align the interest between the developers and the...or between the master developers and the government, or the public sector in general for PPPs. Thank you.

Dr Seek Ngee
Huat

Okay, well first of all, let me say that our approach had always been sell the land at a fixed price, or we helped you defray the price and the risk of it. So it is really based...and what we have introduced on the design requirements is a good thing, to align the interest.

But what I find, we don't, we try not to when we have not done it, is on profit-sharing. So if you are on long-term projects, and if the two partners are sharing profit over a long period, their interests are much better aligned. So...and this is not uncommon. Like when the example that I gave recently to Choy Chan Pong, when he put up this is that some of you will know the Queen Victoria Building in Sydney which is a thriving shopping centre and mall. It's a very old building, beautifully built 200 years or so, I can't remember exactly, but a long time ago. It got totally run down and so a foreign developer came in, actually it's a Malaysian developer that came in and offer to restore it to what it was, and turn it into a shopping centre. It was a roaring success. And the arrangement

was that the city government which owns that and still owns it, that after a certain period of time, they get to share the revenue. I cannot remember the split, whether it's 50-50. So the idea is that the developer will get back its money, its investment, and then beyond that, the revenue gets split. So that ensures that the developer did a great job, a good job about turning this thing around and making it viable, and for the government to keep an eye on it to make sure the revenue is generating the way it should be, so there is tremendous alignment of interest in that case.

But I think we tend to shy away from this. This is not a new idea. I mean there are many permutations of this, I am just giving you one, that it's a way to align. Maybe it's because the URA is not set up to manage income-producing assets over time, it's a hassle to do that. Is it much easier to say we sell the land, clean? You build it and then you produce what you have. So maybe, you know it really requires a bit of rethinking.

Mr Sin Lye Chong

Okay. We've come to the end of the event, so thank you for your questions. Please join to show our appreciation to Dr Seek by giving him a big round of applause.

[Transcript ends at 01:30:23]

LECTURE INFORMATION

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Public-Private Partnership in Real Estate: A Model for Success in Urban Development

SPEAKER

Dr Seek Ngee Huat

Chairman, Institute of Real Estate Studies, National University of Singapore

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URA Function Hall

DURATION

1 hour 32 Minutes 6 Seconds

Note:

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[] are used for insertions, after the interview. The information is not necessarily contained in the original recording.

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