

# GOVERNMENT PRIORITIES: A

## Transport: Towards a car-lite S'pore

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The two previous transport ministers – Mr Lui Tuck Yew and his predecessor, Mr Raymond Lim – made a number of profound changes that should pave the way for a more responsive and more sustainable transport system.

And new Transport Minister Khaw Boon Wan has already spelt out his immediate tasks, which include upping the engineering expertise here to tackle the reliability issues faced by the rail network.

Mr Khaw also believes that Singapore should have a lower reliance on cars.

But for this to happen, the country must first be consistent and stay the course when it comes to investing in public transport infrastructure.

This includes keeping to the target of doubling the rail network by 2030, and to not be derailed by financial crises or economic uncertainties along the way.

If Singapore had kept to development plans spelt out 15 to 20 years ago, the rail network would have been far more comprehensive today, and its “car-lite” narrative would be more convincing.

Make no mistake, the Land Transport Authority, as well as all the main contractors and their sub-contractors and suppliers, are all stretched. After all, Singapore is embarking on no fewer than three new rail projects simultaneously. More, if the different stages and extensions of each line, and other improvements, are counted.

In the early days, engineers had to contend with only one – or at the most two – rail projects at any one time. Well, if this is what Singapore must do to play catch-up, so be it. Hopefully, the result will be a transport network that is so convenient and so accessible that having a car is no longer a necessity.

On the fringe, the plan to shift to a new rail financing framework needs more momentum. So far, both SBS Transit and SMRT Corp have not been persuaded to shift the operating contracts of their older lines over to the new framework.

The protracted nature of their discussions with the Transport Ministry suggests that both sides cannot iron out fundamental issues.

It might be good to pause and reflect if Singapore should be making its rail industry contestable – the way it is doing for the bus sector. Although the notion of letting competition motivate operators is appealing, the reality is that the rail business may be too unwieldy for the benefits of this to emerge. The risks associated with such a model are just too high.

It may be better to revisit the proposal to have one rail operator for better economies of scale, and pooling of expertise as well as domain and institutional knowledge.

The best rail systems happen to be those run by a monopoly, duopoly or by the state – think of Hong Kong, Tokyo and Taipei. Although a monopoly goes against popular economic theory, rail may be an exception. To extract the best efficiency out of a sole operator, it should be first delisted, so there are no competing demands from public shareholders.

Then empower regulators to have a stronger hold of that operator, allowing it to take top executives to task in the most direct and severe manner. It is only then that service, reliability and longevity can be improved.

Effective regulation is also needed for the new bus operating model Singapore has just embarked on. Without it, Singapore will end up with service standards that are not commensurate with the bigger bill taxpayers have to foot.

On roads, Singapore needs to optimise efficiency and capacity, given its space constraints. The next-generation Electronic Road Pricing (ERP) system will allow this to be done, if only its full potential can be unleashed to charge according to distance and to bring intelligent, real-time traffic information into each and every vehicle.

Next up: taking a long, hard look at the vehicle quota system. With satellite-tracked, distance-based ERP, the lifespan of certificates of entitlement (COEs) could be tied to mileage rather than years. Doing so might just dilute motorists’ drive to maximise usage of their cars once they have paid a king’s ransom for them.

On the “car-lite” agenda, should Singapore shelve plans to build another highway? Work on the North-South Expressway, which is supposed to run parallel to the Central Expressway, was slated to start this year. But with the resource crunch, it might be delayed. Why not postpone it indefinitely? After all, building an \$8 billion highway and going “car-lite” are conflicting messages.

Also, transport economists will point out that a new highway will be choked in no time because of induced demand.

Lastly, Singapore should really fix the taxi industry. Why is it that Singapore has the highest taxi population per capita and yet commuters complain perennially about the difficulty of getting a cab?

Will allowing transport app companies Uber and GrabTaxi to proliferate do the trick? Or will these newcomers eventually be part of the problem once they are entrenched?

Minister Khaw has already assigned Senior Minister of State for Transport Ng Chee Meng to take a closer look at these new players and see if it is necessary to adjust the playing field so that they compete fairly with taxi firms.

The fact that Mr Khaw did this within a week of assuming the transport portfolio shows that he is hitting the ground running, and that he is paying attention to both big and small issues. As far as commuters go, that must be a promising start.

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Although the notion of letting competition motivate operators is appealing, the reality is that the rail business may be too unwieldy for the benefits of this to emerge. It may be better to revisit the proposal to have one rail operator for better economies of scale. ST PHOTO: CAROLINE CHIA



Mr Lawrence Wong has said that one of his priorities is to continue ensuring that housing remains affordable.



Many flats in mature HDB estates built in the 1970s and early 1980s will start to hit the halfway mark of their 99-year leases over the next 10 years or so. The Government is likely to tear down old flats to make way for new ones under the Selective En Bloc Redevelopment Scheme. ST PHOTO: KUA CHEE SIONG

## Housing: Reshaping heartland in a big way

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It might seem that new National Development Minister Lawrence Wong has a pretty simple job ahead: Staying on the course his predecessor set.

After all, the most pressing challenge for public housing – ramping up supply to meet pent-up demand – has largely been met.

Under former national development minister Khaw Boon Wan, the Housing Board launched more than 100,000 public housing units.

The Government has also put in place cooling measures, managing to tame a red-hot property market that, at one point, seemed to be spiralling out of control.

But for Mr Wong, his bigger task lies down the road, and it is a mammoth one: starting the process to reshape the HDB landscape.

This is because, over the next 10 years or so, flats in many mature estates, such as Toa Payoh and Bedok, which were built in the 1970s and early 1980s, will start to hit the halfway mark of their 99-year leases.

### NEW MINISTER'S PRIORITIES

In his first blog post, titled Continue The Tradition; Build The Future, Mr Wong made it quite clear that he has several priorities.

One is to continue ensuring that housing remains affordable and central to the lives of Singaporeans.

His first task on this front is to ensure that the housing market achieves a “soft landing”.

This means the housing market should continue to decline, but slowly and gradually, without big shocks that could hurt people with big mortgages.

Soon after the Sept 11 General Election, property analysts started to call for the cooling measures to be lifted to boost the flagging property market.

But it is unlikely he will want to move on this too soon, especially since there are external forces, such as rising interest rates, which could have a severe impact on the property market.

He said as much in comments to the media earlier this month: “The price adjustments that we’ve seen so far have been moderate compared to the increase in prices that took place very quickly in the past few years. It’s still not time yet to unwind the cooling measures. We don’t want to risk a premature market rebound.”

Then there will be some policies which will need further tweaking, as well as new ones which had been announced just prior to the GE.

These include the Fresh Start Housing Scheme, which gives a bigger financial subsidy to younger, lower-middle income families.

This was introduced during the National Day Rally by Prime Minister Lee Hsien Loong this year, and Mr Wong will have to see the implementation through.

There is also the move, started by Mr Khaw, to combine the existing two-room flat scheme and studio apartment (SA) scheme under the two-room FlexiScheme.

### IMPROVING HDB ‘OLD TOWNS’

As for reshaping the HDB landscape, Mr Wong hinted at it in the blog post when he wrote: “Improving our HDB towns built in the 70s and 80s to meet changing needs will also be my focus, so that Singapore remains an endearing home for everyone, always.”

The question is, what will the Government do with the flats that reach the halfway point on their 99-year leases? This is the typical age of flats which get redeveloped into new ones.

There is the option of leaving the flats to age naturally and run down their lease, in which case the initial investment by the flat owner will become zero.

Politically, however, allowing this to happen might be tricky, even

### BIGGEST CHALLENGE

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NATIONAL DEVELOPMENT MINISTER LAWRENCE WONG

if the leases will have another 50 years to run.

It is quite unlikely that the Government will allow large numbers of flat owners to be left without homes when their leases run out.

This is almost unthinkable as home ownership is a key pillar of Singapore’s political and social culture.

The more likely thing to happen is that the Government will start to ramp up the Selective En Bloc Redevelopment Scheme (Sers), introduced by then Prime Minister Goh Chok Tong in 1995.

This allows the Government to tear down old blocks of flats to make way for new ones. Residents will be rehoused by the Government in nearby estates and given compensation for their homes.

In the past 20 years since Sers was announced, 72 sites have been completed, as at February this year, while another seven are in progress.

Given the scale of the project, with thousands of flats that would need to be torn down and rebuilt, logistics and planning become paramount.

In other words, Mr Wong’s biggest challenge will be to ensure that he starts to plan for this huge task which will take years, if not decades, to complete.

But this also means that he will be given a unique opportunity to reshape the HDB heartland in a big way.

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