

## ANNEX B

### Considerations shared by the elected MPs

1. The residents will be better served by hiring a managing agent instead having the MPs directly manage the town council. This will free up the elected MPs for parliamentary and grassroots work by taking parts of the routine town council management work off their workload.
2. The HDB township management market is very niche and relatively “closed” with only 3 players in the market prior to the General Elections in 2011. All three companies managed PAP town councils and have been doing so for many years.
3. Based on his past experience in the Hougang Town Council dealing with tenders for conservancy and other contracts, the 2<sup>nd</sup> Defendant believed (and he was proven right when none of these companies placed a bid in the open tender called by the Plaintiff for its managing agent contract in 2012) that none of these three companies would be prepared to work with the Workers’ Party (“WP”) to manage the new town council in the event that WP won Aljunied GRC. As the managing agents of PAP town councils, they felt it was disadvantageous for them should they choose to work for opposition town councils since all town councils have political connections. It is therefore unlikely and difficult for them to be willing or sincere in helping the opposition to manage a town well, as that would increase the political clout of WP as a credible opposition party.
4. The 2<sup>nd</sup> Defendant expected (and he was subsequently proven right) that the PAP-appointed managing agent for the Aljunied Town Council, CPG,

would not be willing to serve WP. CPG was and still is managing Ang Mo Kio Town Council, the Prime Minister's ward. CPG would find it untenable to simultaneously represent the only opposition town council and the Prime Minister's own town council in light of the political nature of town councils. The 2<sup>nd</sup> Defendant was therefore keen to explore alternatives and to prepare for this eventuality. The 2<sup>nd</sup> Defendant felt that it was incumbent on and critical for WP to make the necessary preparations to ensure the continuity of services to residents.

5. The 2<sup>nd</sup> Defendant shared his past experience in the Hougang Town Council with the other elected members of the Plaintiff and they agreed with the 2<sup>nd</sup> Defendant's views as set out of above.
6. In respect of CPG's "desire to be released from the CPG Contract as soon as practicable", the elected town councillors considered it too politically risky to retain a reluctant and unwilling managing agent in CPG, to whom key town management responsibilities were outsourced to, because it is hard for them to trust that CPG would continue to do their best to serve the residents when they were reluctant to continue in the first place.
7. In addition, the Plaintiff was facing an imminent termination of the Town Council Management System ("TCMS") by Action Information Management Pte Ltd ("AIM") (which was "fully owned" by PAP) and needed to upscale the existing computing and accounting system used in Hougang Town Council before August 2011 to avoid a disruption to residents' services. The provision or upscaling of an alternative computing and accounting system was not within the scope of the CPG Contract. In any event, CPG was only familiar with TCMS and would not have been able to take on this critical task.

8. By way of background, TCMS is a specialized computing and financing system for town councils developed and paid for by all the PAP town councils, including Aljunied Town Council. The PAP town councils sold the TCMS to AIM which in return charged the town councils for the usage of the TCMS.
9. TCMS is a comprehensive system for the management of the town councils which includes an accounting-related module (e.g. service / conservancy charge system, arrears management system, customer information system, works orders system etc), an estate management module (e.g. property information system, cyclical warranty works system, integrated resident information system etc) and an interface module (e.g. town council portal interface, internet kiosk interface, lifts tele-monitoring system interface etc). The only viable alternative to the TCMS was the less developed system of Hougang Town Council. The Plaintiff could not adopt a manual system which would have been tedious, time consuming and inefficient. To develop an equivalent of the TCMS from scratch would require 18 to 24 months or even longer.
10. Under Clause 9.3 of the Conditions of Contract for the Purchase of the TCMS software between the Aljunied Town Council (together with the other PAP town councils) and AIM, AIM was entitled to terminate the contract with one month's notice on the basis of a material change in the membership of the town council. The Plaintiff was notified by CPG in early June 2011 that AIM intended to terminate the contract by 31 July 2011. It was impossible to put in place a new equivalent system before the termination of the AIM contract.

11. There was therefore an immediate and urgent need to appoint a replacement managing agent. Calling a tender for managing agent services would have taken about two months. The new managing agent would have less than a month to introduce a new computing and accounting system or to upgrade the existing Hougang Town Council system before taking over Aljunied GRC on 1 August 2011. The Plaintiff did not have the luxury of time to call for an open tender because doing so could result in a real danger that services to the residents would be disrupted in the meantime.
  
12. Even scaling up of the existing Hougang Town Council system had its own difficulties. The existing Hougang Town Council system was not developed to cater for a GRC. For example, the servers had to be upgraded to handle the demands of a GRC. The existing mode of payment system needed to be customised to accommodate additional features such as recurring credit card system and internet kiosks etc. A work orders system had to be created from scratch because the work orders were handled manually in Hougang Town Council.
  
13. The difficulty faced by the Plaintiff during the handover vis-à-vis the TCMS issue was recognised by the MND subsequently in its review of the sale of TCMS belonging to PAP town councils. In this regard, the MND Town Council Review Report dated 30 April 2013:-
  - a. noted that *“it is arguable whether this time provision of 90 days [to handover under the TCA] is sufficient in all circumstances, given the need to transfer operating systems and settle other ancillary issues such as the proper handover of all existing contracts, documents and records”*;

- b. acknowledged that the *“main issue is how to ensure continuity of the services to residents while allowing the newly elected MPs full authority and accountability immediately following an election”*;
- c. recommended *“placing safeguards to minimise the risk of disruption of critical services during a change in leadership”* because the *“interests of residents should be the paramount priority for all political parties and MPs in any such situations”*; and
- d. proposed the option of *“[having] in place contractual provisions for one-off extensions following an election when there is a change for party in charge of the [town council], and to impose a minimum notice period for termination initiated by the contractor or key appointment holders”*.