

# Town Councils (Amendment) Bill

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**Bill No. 13/2005.**

*Read the first time on 16th May 2005.*

A BILL

*intituled*

An Act to amend the Town Councils Act (Chapter 329A of the 2000 Revised Edition) and to make related amendments to the Central Provident Fund Act (Chapter 36 of the 2001 Revised Edition) and the Housing and Development Act (Chapter 129 of the 2004 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

### Short title and commencement

1. This Act may be cited as the Town Councils (Amendment) Act 2005 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

### 5 Amendment of section 3

2. Section 3(2) of the Town Councils Act (referred to in this Act as the principal Act) is amended by deleting the words “8 days” and substituting the words “14 days”.

### Amendment of section 19

10 3. Section 19 of the principal Act is amended —

(a) by inserting, immediately after paragraph (a) of subsection (1), the following paragraph:

15 “(aa) with the approval of the Minister and the consent of the owner of the property on which the facilities are or to be erected, installed or planted, erect, install, plant (including landscaping), repair and maintain facilities within the Town that is outside the common property of the residential and commercial property in the housing estates of the Board within the Town;”;  
20 and

(b) by inserting, immediately after subsection (3), the following subsection:

25 “(3A) Nothing in subsection (3) shall authorise a Town Council to enter upon the property of any person within the Town unless the consent of the owner thereof has been first obtained.”.

### Amendment of section 21

4. Section 21(1) of the principal Act is amended by inserting, immediately after paragraph (e), the following paragraph:

30 “(ea) properly maintain and keep in a good and serviceable repair (including landscaping of) the facilities within the Town that is outside the common property of the residential and commercial property in the housing estates of the Board within the Town, where the facilities are erected, installed or

planted by the Town Council with the approval of the Minister and the consent of the owner of the property on which the facilities are erected, installed or planted;”.

### **Amendment of section 23**

5     **5.** Section 23 of the principal Act is amended —

(a) by inserting, immediately after subsection (1), the following subsections:

10             “(1A) A Town Council may, by its employees or agents, also enter at any reasonable time, upon any flat of the Board within the Town for the purpose of determining whether any work is required to be carried out by the Town Council in accordance with this Act.

15             “(1B) A person authorised under subsection (1A) to enter upon any premises shall not demand to do so as of right unless prior notice of the intended entry has been given to the occupier of those premises.”; and

(b) by inserting, immediately after the words “subsection (1)” in subsection (2), the words “or (1A)”.

### **New Part IVA**

20     **6.** The principal Act is amended by inserting, immediately after section 24, the following Part:

“PART IVA

LIFT UPGRADING WORKS

#### **Interpretation of this Part**

25     **24A.** In this Part, unless the context otherwise requires —

“improvement contribution” means the costs in respect of lift upgrading works recoverable by a Town Council from the owner of a flat or a Town Council under section 24D;

30     “lift upgrading works” means any building operations, demolition or installation works necessary or ancillary to installing any lift or additional lift in a building or part thereof;

“precinct” means any housing estate of the Board or any part thereof within a Town that is declared by the Minister under section 24B to be a precinct for the purposes of this Part;

5 “transfer” means a conveyance, sale, purchase, assignment, legal or equitable mortgage, charge, surrender or disposal in any manner of any estate or interest in a flat and includes a discharge of a mortgage, a reconveyance or the devolution of the rights of a deceased owner of a flat to another person;

10 “voting value” means the prescribed value of the vote of an owner of a flat at any poll under this Part.

### **Declaration of precincts**

15 **24B.**—(1) The Minister may, after consulting the Board and the Town Council concerned, from time to time by order published in the *Gazette*, declare any housing estate of the Board or any part thereof within that Town Council’s Town to be a precinct for the purposes of the Town Council carrying out any lift upgrading works in buildings within the precinct.

20 (2) Any order made under subsection (1) shall include a plan with a description of the housing estate and the buildings within the precinct.

(3) The Minister may, by order published in the *Gazette*, revoke or amend any order made under subsection (1).

25 (4) In this section, any reference to the Minister shall include a reference to a Minister of State for the Ministry of National Development.

### **Lift upgrading works in a precinct**

30 **24C.**—(1) Where any housing estate of the Board or any part thereof within a Town has been declared a precinct under section 24B, the Town Council for that Town shall, as soon as practicable —

35 (a) make arrangements to conduct in the manner prescribed a poll of such owners of the flats within the precinct as may be prescribed with a view to establishing their opinions about the Town Council’s proposals to carry out lift upgrading works in buildings within the precinct; and

(b) do such other things as the Minister may direct.

(2) A poll in connection with any Town Council's proposal to carry out lift upgrading works in any building within a precinct within its Town —

5 (a) shall not be conducted except with the prior written approval of the Board; and

(b) shall be a poll of such owners of such flats within the building as may be prescribed, being flats the occupants of which directly benefit from the lift upgrading works.

10 (3) A Town Council may carry out lift upgrading works in any building within a precinct within its Town if, and only if —

(a) it appears from a poll of the prescribed owners of flats referred to in subsection (2)(b) that the total voting value of votes in favour of the Town Council's proposal to carry out lift upgrading works in the building is at least 75% of the total voting value of votes of all such owners; and

(b) the Minister approves the carrying out of such lift upgrading works.

20 (4) No poll shall be invalid by reason of any failure to comply with any provision of this Part or any rules made thereunder relating to the conduct of a poll if it appears that the poll was conducted in accordance with the principles laid down in that provision, and that the failure did not affect the result of the poll.

25 (5) In this section, "owner" includes the Board in respect of any flat which the Board has not sold the leasehold interest therein.

**Power to carry out lift upgrading works and recover improvement contributions**

30 **24D.**—(1) As soon as practicable after the Minister has given his approval under section 24C(3)(b), the Town Council concerned shall carry out the lift upgrading works in the precinct in such manner as the Town Council thinks fit.

(2) Where the Town Council has completed any lift upgrading works in a building within a precinct, the Town Council may recover, by way of improvement contributions, the costs incurred by the Town

Council in respect of the lift upgrading works from every owner of such flats in the building as are referred to in section 24C(2)(b).

(3) Subject to subsection (4), the amount of improvement contribution payable under subsection (2) by the owner of a flat shall be determined by the Town Council whose decision shall be final.

(4) Any improvement contribution determined by a Town Council under subsection (3) in respect of any lift upgrading works in a precinct shall not be less than the improvement contribution that the Board might have determined under section 65D(2A) of the Housing and Development Act (Cap. 129) if the Board had carried out similar upgrading works in that precinct.

(5) In this section and section 24E, “owner”, in relation to any flat sold by the Board —

(a) means the person who is the owner of the flat at the time the improvement contribution is determined by the Town Council under subsection (3); and

(b) includes an equitable owner, a person who has purchased a leasehold interest in the flat and a purchaser under an agreement for a lease.

### **Payment of improvement contribution**

**24E.**—(1) Any owner of a flat liable to pay any improvement contribution under section 24D shall, upon a written demand by the Town Council concerned, pay to the Town Council the improvement contribution not later than one month from the date of the written demand.

(2) Where —

(a) no representation has been taken out under a will or on the intestacy of a deceased owner of a flat; or

(b) representation has been taken out but the personal representatives fail to apply for the written consent of the Board for the transmission or transfer of the flat,

the Town Council concerned may, for the purposes of recovering any improvement contribution, require the spouse, if any, of the deceased owner or any beneficiary of his estate who has attained the age of 21 years to pay the improvement contribution as if it is a debt owed by

him and recoverable from him as such, and such person may recover from the estate of the deceased owner the sums paid by him to the Town Council.

5 (3) If any improvement contribution or any part thereof is not paid by the owner of a flat on the date due, the owner of the flat or any other person liable to pay the improvement contribution shall be liable, in addition, to pay to the Town Council concerned interest and a penalty in accordance with the rates prescribed.

10 (4) Such interest and penalty, if unpaid, shall constitute a debt due to the Town Council concerned and be recoverable as such.

### **Recovery of improvement contribution from sale of flat**

15 **24F.**—(1) Where any improvement contribution payable by the owner of any flat to a Town Council under section 24D remains unpaid on the expiry of the period of 3 months after the Town Council has served on the owner of the flat a written demand of such contribution under section 24E(1), the improvement contribution (including any interest and penalty thereon) shall, on the expiry of that period, constitute a charge on the flat in favour of the Town Council.

20 (2) Where a Town Council has incurred or become liable for any reasonable legal costs and reasonable expenses incurred in connection with the collection or attempted collection of the unpaid improvement contribution (including any interest and penalty thereon) before it exercised its power of sale under subsection (5), such legal costs and expenses shall rank in priority to any other claims as if these costs and expenses were due at the date of the constitution of the charge.

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30 (3) A charge on a flat constituted under subsection (1) shall continue in force until all the improvement contributions (including any interest and penalty thereon), and the necessary or incidental charges (including legal costs) incurred by the Town Council concerned before it exercised its power of sale under subsection (5), as the case may be, secured by the charge have been paid.

(4) Any charge on a flat constituted under subsection (1) shall be subject to —

- (a) all encumbrances registered or notified under the Land Titles Act (Cap. 157) in respect of that flat before the date of the constitution of the charge;
- (b) all moneys due under the lease of the flat to the Board (on its own account or on account of the Central Provident Fund Board), whether before, on or after the date of the constitution of the charge; and
- (c) all moneys due to the Central Provident Fund Board under the charge constituted under section 21 or 21B of the Central Provident Fund Act (Cap. 36), whether before, on or after the date of the constitution of the charge.

(5) Upon the constitution of the charge on a flat under subsection (1), the Town Council concerned shall have the power of sale and all other powers relating or incidental thereto to sell and effectually transfer the title to the flat to any purchaser as if the Town Council is a registered mortgagee, notwithstanding that the charge is not registered under the Land Titles Act.

(6) Subject to subsection (7), a Town Council shall not proceed to sell any flat which is subject to a charge constituted under subsection (1) unless —

- (a) notice of the intended sale has been served or published in the prescribed manner;
- (b) at the end of 90 days after the date of such notice of the intended sale, the improvement contribution or any part thereof, and any necessary or incidental charges (including legal costs) incurred by the Town Council concerned before it exercised its power of sale under subsection (5), remain due and unpaid;
- (c) there is no legal action pending in court to restrain the Town Council from proceeding with the sale; and
- (d) the Town Council has obtained prior written approval from the Board as to the eligibility of the person intending to purchase the flat.

(7) A Town Council shall not proceed under subsection (5) to sell any flat in respect of which any improvement contribution (including any interest and penalty thereon) or any part thereof is due if there is

upon the flat and liable to be seized and sold by the Town Council, by writ of seizure and sale, any movable property belonging to the owner of the flat of a value estimated by the Town Council to be sufficient to realise the sum required to satisfy such unpaid improvement contribution.

(8) For the purpose of estimating the value of any movable property belonging to the owner of a flat under subsection (7), a Town Council may, by its employees or agents, and at any reasonable time after giving notice to any occupier of the flat, enter upon the flat to carry out such valuation.

(9) Where a Town Council has sold any flat under subsection (5), neither the purchaser of the flat nor the Registrar of Titles shall be concerned to inquire into the regularity or validity of the sale or transfer.

(10) For the purpose of registering a transfer of any flat sold under subsection (5), the Registrar of Titles may dispense with the production of the duplicate lease of the flat or the duplicate subsidiary certificate of title in respect of the flat, as the case may be.

(11) Where a charge on a flat is constituted under subsection (1), the owner of the flat shall, upon payment of all the improvement contributions (including any interest and penalty thereon) due, and any necessary or incidental charges (including legal costs) incurred by the Town Council concerned before it exercised its power of sale under subsection (5), be entitled to —

- (a) a certificate of discharge executed and acknowledged by the Town Council as to the receipt of such payment; and
- (b) upon the execution of the certificate of discharge or, in the event of the Town Council refusing to execute the certificate of discharge, an order of court declaring that the flat shall be discharged from the charge, and the flat freed from the charge constituted under subsection (1).

### **Application of proceeds of sale of flat**

**24G.** The moneys received by a Town Council in exercise of its power of sale under section 24F(5), after discharging all prior encumbrances, shall be held by it in trust to be applied —

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- (a) firstly, in payment of all costs and expenses properly and reasonably incurred by the Town Council as incidental to the sale or any attempted sale, or otherwise;
  - (b) secondly, in payment to the Central Provident Fund Board of all moneys secured by its charge constituted under section 21 or 21B of the Central Provident Fund Act (Cap. 36) and are referred to in section 24F(4);
  - (c) thirdly, in payment to the Board of such moneys due under the lease of the flat to the Board as are referred to in section 24F(4);
  - (d) fourthly, in payment to the Board of all moneys secured by its charge on the flat (if any) under section 65H of the Housing and Development Act (Cap. 129) for unpaid improvement contribution, and in payment to the Town Council of all moneys secured by its charge on the flat (if any), in the order of their priority;
  - (e) fifthly, in discharge, equally and without preference, of—
    - (i) the conservancy and service charges and interest accrued and due to the Town Council at the date of sale; and
    - (ii) any improvement contribution (including any interest and penalty thereon) accrued and due to the Town Council at the date of the sale, whether or not secured by any charge under section 24D;
  - (f) sixthly, in discharge of any improvement contribution (including any interest and penalty thereon) accrued and due to the Board at the date of the sale, which is not secured by any charge under section 65D of the Housing and Development Act;
  - (g) seventhly, in payment of subsequent mortgages and charges (if any) in the order of their priority; and
  - (h) finally, the residue of such moneys so received shall be paid to the person who appears from the land-register kept under the Land Titles Act (Cap. 157) to be entitled to the flat sold or to be authorised to give receipts for the proceeds of the sale thereof.

### **Recovery of payments due to Town Council**

**24H.** Any improvement contribution, interest and penalty payable to a Town Council under this Part —

- 5 (a) may be recovered by the Town Council by an action for a debt in any court of competent authority; and
- (b) shall for the purposes of the Small Claims Tribunals Act (Cap. 308) be deemed to be moneys payable under a contract for the provision of services and the Town Council may lodge a claim for the payment of such improvement contribution, interest and penalty with a Small Claims Tribunal in accordance with the provisions of that Act.

### **Power of Minister to make rules**

**24I.—**(1) The Minister may make rules for giving effect to the provisions of this Part and for the due administration thereof and, in particular, for or with respect to all or any of the following matters:

- 15 (a) prescribing the manner and procedure for obtaining at a poll, the opinion of owners of flats for lift upgrading works;
- (b) prescribing the voting value of votes by owners of flats, including different voting values in respect of different classes of owners;
- 20 (c) prescribing the manner for recovering the improvement contribution from owners of the flats;
- (d) prescribing the interest and penalty to be paid by any person for the late payment of any improvement contribution;
- 25 (e) prescribing any expenditure limits for lift upgrading works; and
- (f) prescribing anything that may be prescribed.

(2) The Minister may, in making any such rules, provide that —

- 30 (a) any contravention of, or failure or neglect to comply with, any provision of the rules shall be an offence punishable with a fine not exceeding \$5,000; and
- (b) where an offence under the rules committed by a Town Council is proved to have been committed with the consent

or connivance of, or to be attributable to any neglect on the part of, its chairman or secretary, or any person who was purporting to act in any such capacity, that chairman, secretary or person, as the case may be, as well as the Town Council shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

### **Saving of other rights of Town Council**

**24J.**—(1) Nothing in this Part shall be construed to affect the right of a Town Council to enforce any breach of covenant, condition or undertaking under any licence, lease, tenancy or mortgage or any other agreement in respect of any flat within its Town.

(2) No such right of a Town Council shall be deemed prejudiced by reason only of the Town Council’s exercise of any power or performance of any act under this Part.”.

### **Amendment of section 33**

7. Section 33 of the principal Act is amended —

(a) by inserting, immediately before the words “major repairs and maintenance” in subsection (6)(a)(iii), the words “lift upgrading works under Part IVA and”;

(b) by deleting paragraph (b) of subsection (6) and substituting the following paragraph:

“(b) from the Town Council Fund except for the purpose of —

(i) exercising its powers or carrying out its duties and functions under this Act or any other Act; or

(ii) paying any fine imposed on the Town Council upon its conviction for any offence.”;

(c) by inserting, immediately after subsection (6), the following subsections:

“(6A) Any Town Council which contravenes subsection (6)(a) or (b) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000.

(6B) Where a Town Council is guilty of an offence under subsection (6A) and that offence is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of its chairman or secretary, or any person who was purporting to act in any such capacity, he, as well as the Town Council, shall also be guilty of that offence and shall be liable to be proceeded against and punished accordingly.”;

(d) by inserting, immediately after the words “with the approval” in subsection (7), the words “or on the direction”; and.

(e) by inserting, immediately after the words “facility erected” in subsection (7), the words “, installed or planted”.

#### **Amendment of section 39**

8. Section 39(14) of the principal Act is amended by inserting, immediately after paragraph (a), the following paragraph:

“(aa) the personal representative of the estate of an owner or a tenant who is deceased;”.

#### **Amendment of section 44**

9. Section 44 of the principal Act is amended —

(a) by deleting subsection (3) and substituting the following subsection:

“(3) Any charge on a flat constituted under subsection (1) shall be subject to —

(a) all encumbrances registered or notified under the Land Titles Act (Cap. 157) in respect of that flat before the date of the constitution of the charge;

(b) all moneys due under the lease of the flat to the Board (on its own account or on account of the Central Provident Fund Board), whether before, on or after the date of the constitution of the charge; and

(c) all moneys due to the Central Provident Fund Board under the charge constituted under section 21 or 21B of the Central Provident Fund Act (Cap. 36), whether

before, on or after the date of the constitution of the charge.”; and

(b) by deleting subsection (8) and substituting the following subsection:

5           “(8) The moneys received by a Town Council in exercise of its power of sale under subsection (4), after discharging all prior encumbrances, shall be held by it in trust to be applied —

10           (a) firstly, in payment of all costs and expenses properly and reasonably incurred by the Town Council as incidental to the sale or any attempted sale, or otherwise;

15           (b) secondly, in payment to the Central Provident Fund Board of all moneys secured by its charge constituted under section 21 or 21B of the Central Provident Fund Act (Cap. 36) and are referred to in subsection (3);

          (c) thirdly, in payment to the Board of such moneys due under the lease of the flat to the Board as are referred to in subsection (3);

20           (d) fourthly, in payment to the Board of all moneys secured by its charge on the flat (if any) under section 65H of the Housing and Development Act (Cap. 129) for unpaid improvement contribution, and in payment to the Town Council of all moneys secured by its charge on the flat (if any), in the order of their priority;

25           (e) fifthly, in discharge, equally and without preference, of—

30           (i) the conservancy and service charges and interest accrued and due to the Town Council at the date of sale; and

35           (ii) any improvement contribution (including any interest and penalty thereon) accrued and due to the Town Council at the date of the sale, whether or not secured by any charge under section 24D;

- 5 (f) sixthly, in discharge of any improvement contribution (including any interest and penalty thereon) accrued and due to the Board at the date of the sale, which is not secured by any charge under section 65D of the Housing and Development Act (Cap. 129);
- (g) seventhly, in payment of subsequent mortgages and charges (if any) in the order of their priority; and
- 10 (h) finally, the residue of such moneys so received shall be paid to the person who appears from the land-register kept under the Land Titles Act (Cap. 157) to be entitled to the flat sold or to be authorised to give receipts for the proceeds of the sale thereof.”.

#### **Amendment of section 46**

- 15 **10.** Section 46 of the principal Act is amended by inserting, immediately after the words “a Town Council”, the words “, less all reasonable legal costs (whenever incurred) for the prosecution thereof,”.

#### **Amendment of section 50**

- 11.** Section 50 of the principal Act is amended —
- 20 (a) by deleting the words “21 days’ notice” in subsection (2) and substituting the words “7 days’ notice”; and
- (b) by deleting the words “21 days” in subsection (3) and substituting the words “7 days”.

#### **Related amendments to Central Provident Fund Act**

- 12.** The Central Provident Fund Act (Cap. 36) is amended —
- 25 (a) by inserting, immediately after the words “Housing and Development Act (Cap. 129),” in section 17(b), the words “or any improvement contribution due to a Town Council in respect of lift upgrading works carried out under Part IVA of the Town Councils Act (Cap. 329A),”;
- 30 (b) by inserting, immediately after paragraph (c) of section 21(1), the following paragraph:

“(ca) to pay any improvement contribution due —

(i) to the Housing and Development Board constituted under the Housing and Development Act (Cap. 129) in respect of upgrading works carried out under Part IVA of that Act; or

(ii) to a Town Council constituted under the Town Councils Act (Cap. 329A) in respect of upgrading works carried out under Part IVA of that Act,

including costs, fees or other incidental expenses arising from such works;”;

(c) by inserting, immediately after the words “Housing and Development Act (Cap. 129)” in section 21B(1)(c), the words “, or any improvement contribution due to a Town Council in respect of lift upgrading works carried out in relation to an HDB flat under Part IVA of the Town Councils Act (Cap. 329A),”; and

(d) by deleting paragraph (r) of section 77(1) and substituting the following paragraph:

“(r) to provide for members of the Fund to apply or withdraw all or part of the contributions and interest standing to their credit in the Fund for the payment of —

(i) improvement contributions due to the Housing and Development Board constituted under the Housing and Development Act (Cap. 129) in respect of upgrading works carried out under Part IVA of that Act; or

(ii) improvement contributions due to a Town Council constituted under the Town Councils Act (Cap. 329A) in respect of upgrading works carried out under Part IVA of that Act,

including the payment of costs, fees or other incidental expenses arising from such works; and”.

### **Related amendments to Housing and Development Act**

**13.** The Housing and Development Act (Cap. 129) is amended —

(a) by inserting, immediately after subsection (3) of section 65B, the following subsection:

5                   “(4) In this section, any reference to the Minister shall include a reference to a Minister of State for the Ministry of National Development.”; and

10                   (b) by inserting, immediately after the words “improvement contribution” in the 2nd line of section 65H(5), the words “(including any interest and penalty thereon)”.

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### **EXPLANATORY STATEMENT**

This Bill seeks to amend the Town Councils Act (Cap. 329A) for the following main purposes:

- (a) to empower Town Councils to carry out lift upgrading works within its respective Towns, provided that at least 75% of the total voting value of votes of owners of selected flats support the proposal at a poll, and the Minister approves of the works;
- (b) to enable Town Councils to recover improvement contributions for lift upgrading works done from owners of selected flats whose owners were polled; and
- (c) to impose criminal penalties on Town Councils and their respective chairmen and secretaries for failing to comply with certain financial provisions in the Act or its subsidiary legislation.

The Bill also makes related amendments —

- (a) to the Central Provident Fund Act (Cap. 36) to allow CPF members the use of their funds to pay improvement contributions for lift upgrading works carried out by the Town Council, and to secure the repayment of such funds withdrawn through a charge on the flat; and
- (b) to the Housing and Development Act (Cap. 129) to extend the power to declare precincts for upgrading works (currently vested in the Minister) to a Minister of State for the Ministry of National Development and also to bring the Act in line with the new section 24F(7) of the Town Councils Act (which limits exercising the power of sale if the flat has movable property of sufficient value to satisfy improvement contributions in arrears).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 3(2) to extend the time for Town Councils to be constituted following a general election. The amendment will give Members of Parliament 14 days, instead of the present 8 days, after the date of publication of the poll results of any general election in the *Gazette*, to agree to their constituencies being declared to be a Town, failing which the Minister will declare each constituency to be a Town.

Clause 3 amends section 19 to expand a Town Council's function to include erecting, repairing and maintaining facilities in its Town but which are outside of common property. This can be done on the Minister's approval and with the consent of the owner of the property on which the facility is or to be erected. The new subsection (3A) clarifies that a Town Council's power to carry out any work on behalf of a public authority or community-based association on any property within its Town does not confer on the Town Council power to enter upon the property of any person within the Town unless the consent of the owner thereof has been first obtained.

Clause 4 amends section 21(1) to clarify that a Town Council's duty includes repairing and maintaining facilities in its Town that are outside of common property, where these are erected with the Minister's approval and the consent of the owner of the property on which the facility is erected.

Clause 5 amends section 23 to empower a Town Council to enter at reasonable times and after giving notice to any flat within its Town for the purpose of determining whether any work is required to be carried out by the Town Council.

Clause 6 inserts a new Part IVA (new sections 24A to 24J) which elaborates on the manner in which lift upgrading works are to be carried out by a Town Council in any part of an HDB housing estate within its Town.

The new section 24A defines certain terms used in the new Part IVA.

The new section 24B empowers the Minister, after consulting the Housing and Development Board and the Town Council concerned, to declare by order published in the *Gazette* any HDB housing estate or any part thereof to be a precinct for the purposes of carrying out lift upgrading works in the precinct. This power is conferred also on a Minister of State for the Ministry of National Development.

The new section 24C requires a Town Council, after a precinct has been declared by the Minister, to make arrangements to conduct in the manner prescribed a poll of the owners of the flats within the precinct with a view to establishing their opinions about the proposals to carry out lift upgrading works. A Town Council may, with the approval of the Minister, proceed to carry out lift upgrading works on buildings within its Town if and only if not less than 75% of the total voting value of votes of owners of selected flats support the proposal at a poll and the Minister approves of the works. The flats are those the occupants of which will directly benefit from the special upgrading works.

The new section 24D enables a Town Council to carry out lift upgrading works in a precinct in such manner as it thinks fit and for the recovery from the owners of the selected flats whose owners were polled under new section 24C and from the HDB the costs incurred by the Town Council in carrying out such works (referred to as

improvement contributions). The amount of improvement contribution payable by each owner and the HDB will be determined by the Town Council whose decision is final. However, a Town Council is prohibited from determining an improvement contribution that is less than such improvement contribution the HDB might have fixed if the same lift upgrading works had been carried out by the HDB in that precinct.

The new section 24E deals with the manner of payment of the improvement contribution and empowers a Town Council to impose interest and a penalty for any late payment.

The new section 24F empowers a Town Council to sell a flat where any improvement contribution payable in respect of the flat remains unpaid 90 days after the Town Council has served on the owner of the flat a written demand for the payment of such contribution. However, a Town Council cannot proceed to sell a flat in respect of which improvement contributions (and any interest or penalty) are in arrears if there is any movable property in the flat belonging to the owner of the flat of a value estimated by the Town Council to be sufficient to realise the sum required to satisfy just the unpaid improvement contribution. The movable property should be seized and sold by the Town Council to satisfy the improvement contribution owing.

The new section 24G prescribes the order of priority in payment to various persons out of proceeds of the sale of a flat under the new section 24F.

The new section 24H enables a Town Council to recover the improvement contribution in any court of competent authority or in any Small Claims Tribunal.

The new section 24I empowers the Minister to make rules for giving effect to the new Part IVA. The Minister may, in making any such rules, provide that any contravention of, or failure or neglect to comply with, any provision of the rules will be an offence punishable with a fine not exceeding \$5,000. Where the offence is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, the chairman or secretary, or any person who was purporting to act in any such capacity, he, as well as the Town Council, will also be guilty of that offence and will be liable to be proceeded against and punished accordingly.

The new section 24J deals with certain saving provisions.

Clause 7 makes several amendments to section 33.

First, section 33(6) is amended to clarify that the sinking fund of a Town Council's Town Council Fund can be used to meet the costs and expenses of lift upgrading works. The same provision is also amended to authorise the use of a Town Council's Town Council Fund (other than the sinking fund) to pay fines imposed on the Town Council.

Second, 2 new subsections are inserted which make contravention of section 33(6) (on the use of a Town Council Fund and its sinking fund) an offence. The penalty is a fine not exceeding \$5,000. Where the offence is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, the chairman or secretary, or any person who was purporting to act in any such capacity, he, as well as the Town Council, will also be guilty of that offence and will be liable to be proceeded against and punished accordingly.

Finally, section 33(7) is also amended to clarify that a Town Council's Town Council Fund can be used to meet the costs and expenses of erecting, repairing and maintaining facilities in its Town that are outside of common property. This can be done on the Minister's approval or direction and with the consent of the owner of the property on which the facility is erected.

Clause 8 amends section 39(14) to clarify that the personal representative of the estate of an owner or a tenant who is deceased remains liable for any conservancy and service charges due and unpaid by the deceased owner or tenant.

Clause 9 amends section 44 with regard to the priority of payments to various persons out of the proceeds from the sale of a flat for outstanding conservancy and service charges. The change in priority will facilitate the recovery by Town Councils of unsecured improvement contributions.

Clause 10 amends section 46 to allow a Town Council to deduct reasonable legal costs in prosecution of offenders under the Act or its by-laws before paying the fine collected into its Town Council Fund.

Clause 11 amends section 50(2) and (3) to shorten the notice period the Minister must give to the chairman of a Town Council before he appoints another person to take over the powers and duties of the Town Council. The amendment also shortens the time given to the chairman to make representation to the Minister. Both periods are reduced from the existing 21 days to 7 days.

Clause 12 makes related amendments to sections 17, 21(1), 21B(1) and 77(1) of the Central Provident Fund Act (Cap. 36) to allow CPF members to use their funds (including moneys in the special account) to pay the improvement contributions due under a Town Council's lift upgrading program. The amendments to sections 21 and 21B will create a charge on the HDB flat to secure the repayment to the Central Provident Fund of the sum withdrawn to pay for such improvement contributions.

Clause 13 makes related amendments to the Housing and Development Act (Cap. 129) to extend the power to declare precincts for upgrading works (currently vested in the Minister) to a Minister of State for the Ministry of National Development and also to bring the Act in line with the new section 24F(7) of the Town Councils Act (Cap. 329A) (which limits exercising the power of sale if the flat has movable property of sufficient value to satisfy improvement contributions in arrears).

## EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.

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