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THE STRAITS TIMES

CPIB: No corruption or wrongdoing in rental of Ridout Road bungalows

No preferential treatment given to ministers Shanmugam and Balakrishnan, it says

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A Corrupt Practices Investigation Bureau (CPIB) probe, ordered by Prime Minister Lee Hsien Loong, has found no evidence of corruption or criminal wrongdoing in the rentals of Ridout Road state properties by ministers K. Shanmugam and Vivian Balakrishnan.

The CPIB's findings were submitted to Parliament on Wednesday by PM Lee, together with a report of a review he had asked Senior Minister Teo Chee Hean to conduct.

In its report to PM Lee, CPIB said it also found no preferential treatment given to the ministers and their spouses, and no disclosure of privileged information in the processing of the rental transactions involving two black-and-white bungalows near Queensway.

"There was no evidence to suggest any abuse of position by the ministers for personal gain," said the CPIB, whose involvement in the matter was publicly disclosed for the first time on Wednesday.

The bureau had been directed by PM Lee to investigate the matter, as it reports directly to the prime minister and has the necessary powers to ascertain any corruption or criminal wrongdoing.

But CPIB discovered a "lack of precision" in the Singapore Land Authority's (SLA) use of the term "guide rent" with respect to 26 Ridout Road, which is rented by Mr Shanmugam, who is minister for law and home affairs.

Thus, an earlier statement SLA made on May 12, saying the offer by Mr Shanmugam was above the guide rent, was incorrect.

"In fact, the rental Minister Shanmugam paid was equal to the correct guide rent on the property," CPIB said in its report.

It found that the issue did not re-



Views of No.31 Ridout Road (left) and No.26 Ridout Road. PHOTOS: DESMOND WEE, LIANHE ZAOBAO

7 QUESTIONS ANSWERED

- How the two ministers came to live in the bungalows
- Rents paid by the ministers

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sult from ill intent on the part of any SLA officers involved.

A separate report by Mr Teo concluded that both ministers, and the public officers and private-sector intermediaries involved, had conducted themselves properly in the transactions.

"There was no abuse of power or conflict of interest resulting in the ministers gaining any unfair advantage or privilege," the report said.

The Attorney-General's Chambers has agreed with the findings and recommendations, and directed that no further action be taken as the facts did not disclose any of-

fence. The investigation into the matter is closed.

PM Lee has accepted the two reports, and ordered that they be published and tabled in Parliament as a miscellaneous paper. The relevant parliamentary questions on the matter will be addressed next Monday.

In January 2017, Mr Shanmugam asked the then deputy secretary (DS) at the Ministry of Law (MinLaw) for a list of a few properties available to the public to rent.

Those he visited all had a "for lease" sign displayed prominently at the gates.

A year later, in January 2018, he appointed a property agent to represent him for the rental transaction. By then, 26 Ridout Road had been vacant without attracting any bids for more than four years.

Mr Shanmugam did not want the adjacent land, and offered to maintain it at his own cost. But he preferred to exclude the adjacent land from the tenancy, as there would be legal obligations attached to including this land.

SLA undertook essential repair works for the property that cost \$515,400. As the landlord, it is SLA's responsibility to ensure the

property is habitable, said the report.

Mr Shanmugam himself paid \$61,400 to build the car porch. He also stated in his interview with CPIB that he paid more than \$400,000 for additional improvement works not covered by SLA's restoration works.

CPIB discovered a lack of precision in SLA's use of the term "guide rent", which is intended to be the minimum rental to be achieved.

SLA had originally assessed the guide rent to be \$24,500. Its rationale was that on top of \$24,500, it intended to charge the tenant an-

other \$2,000 to recover the amortised cost of works to clear and incorporate the adjacent land.

This would bring the total minimum rental to the correct value of \$26,500.

The report said Dr Balakrishnan's wife Joy had seen a "for lease" sign at 31 Ridout Road. She contacted the SLA's appointed managing agent on Sept 11, 2018, and the agent named an asking rent of \$19,000.

The SLA's leasing department accepted the lease proposal because the final secured rent of \$19,000 was not below the prevailing guide rent of \$18,800.

Dr Balakrishnan, who is minister for foreign affairs, said in his interview with CPIB that he paid more than \$200,000 for additional improvement works to the state property.

The rental for the second term was increased to \$20,000 a month, taking into consideration the prevailing market conditions in 2022.

SM TEO'S REPORT

Mr Teo's report, which was intended to address wider potential process or policy issues beyond the scope of CPIB's investigations, noted that such properties are mainly rented out through open bidding or direct tenancy.

State properties with low demand, like 26 and 31 Ridout Road in 2018 and 2019, were leased via direct tenancy. This meant that the prospective tenant would be considered if the submitted bid was not below the guide rent, and the tenant met the stipulated financial and letting criteria.

The report noted that as Mr Shanmugam is the law minister, and MinLaw oversees SLA, a conflict of interest could have arisen if he had remained in the chain of command exercising authority over the renting out of 26 Ridout Road.

"However, Minister Shanmugam had removed himself from the chain of command and decision-making process. (He had) informed the then DS/MinLaw that he would recuse himself of any discussion related to the rental of the property," the report stated.

"Minister Shanmugam also instructed him to approach the then senior minister of state in MinLaw, Indraneel Rajah, in the event any matter had to be referred to the minister."

Mr Shanmugam, it added, informed Mr Teo that if the matter had to go beyond Ms Indraneel, she would approach Mr Teo.

As for 31 Ridout Road, there was no conflict of interest because Dr Balakrishnan's responsibilities did not include SLA.

On whether the ministers benefited from privileged information, CPIB pointed out that the lease availability of both properties at the time was made known to the public.

On whether the ministers benefited unfairly from favourable rental rates, in 2018, the rental per floor unit area for No. 26 was \$30.94 per sq m per month.

This was comparable to that of other Ridout estate properties.

"In summary, the rental of the two properties did not deviate from the prevailing SLA guidelines and approaches in renting out black-and-white bungalows for residential purposes," said the report.

In its conclusion, the review made three key points.

First, the guide rents for both properties were from professional valuers, based on well-established valuation principles.

Second, the extent of works done before handover was comparable to that done for other similar properties.

Third, the tenancy periods granted were in line with the tenancy policy for black-and-white bungalows.

"This episode highlights the paramount importance of political office-holders and public service officers understanding and upholding the key principles of acting with integrity at all times, to abide by the spirit and not just the letter of the rules," it said.