

## Keeping Char Kway Teow Cheap—At What Price?

*“Hawker centres are a great social leveller in Singapore, a place where people of different races, religions and cultures can mingle, and rich and poor equally queue up for their favourite dishes. They are emblems of our country, spaces we remember when we are away[...] Hawker centres also provide a unique experience for visitors to Singapore, increasingly recognized as a food destination”*

Simon Tay, Former Chairman of the National Environment Agency, May 2007<sup>1</sup>

*“I’m getting on in age ... you can’t expect me to sell one hundred more bowls of fishball noodles just to pay more rent right? I would rather retire”*

Ong Boon Chiang, 70 year old fishball noodle stall owner<sup>2</sup>

### Introduction

The term ‘hawker centre’ may seem somewhat paradoxical, a mashup of the concept of a ‘hawker’—an itinerant salesperson—and that of a fixed locale where activity is concentrated—the ‘centre’. These entities were first created in the early 1950s, when the British colonial government sought to move street vendors into defined places of business. The new government, after Singapore gained its independence, continued this resettlement programme. By 1986, it had successfully resettled all street hawkers, and stopped its hawker centre building programme.<sup>3</sup>

In modern day Singapore, hawker centres formed an integral part of the country’s food culture. In 2014, there were over 100 hawker centres in Singapore. Each hawker centre housed between 20 to over 200 stalls,<sup>4</sup> with each stall specialising in a different type of cooked food. Customers would queue for their orders, seat themselves at the common seating area, and fill their stomachs with cheap, tasty food. **(Exhibit 1)**



**Exhibit 1:** Albert Centre Market & Food Centre, 2015. Author’s photograph

However, while hawker centres were traditionally celebrated as meccas for cheap food, in recent years, hawkers and customers alike raised concerns over rising business costs, and the

<sup>1</sup> Lily Kong, *Singapore Hawker Centres*, SNP International Publishing, 15

<sup>2</sup> Cheong Ying Hui, “Rising rents may threaten Singapore’s hawker heritage”

<http://blog.nus.edu.sg/nm3211/2014/03/21/rising-rents-may-threaten-singapores-hawker-heritage/> (cited Feb 2 2015)

<sup>3</sup> Lily Kong, 31

<sup>4</sup> Data.sg, “Government Markets and Hawker Centres”,

[http://data.gov.sg/Agency\\_Data/NEA/Location%20of%20Hawker%20Centres.xlsx](http://data.gov.sg/Agency_Data/NEA/Location%20of%20Hawker%20Centres.xlsx) (cited Jan 15 2015)

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resultant increases in hawker food prices. Furthermore, the survival of the hawker sector was threatened by younger Singaporeans' lack of interest in becoming hawkers, which was seen as a backbreaking, unglamorous and poorly paid vocation.

With these trends as a backdrop, in October 2011, the Singapore government announced that it would build 10 more hawker centres, after a hiatus of 26 years. This move was intended to increase the supply of stalls available and help push rental costs down,<sup>5</sup> as well as cater for the growth of new population hubs around the island that may not be well-served.<sup>6</sup> These hawker centres were staged for completion from 2015 to 2017.<sup>7</sup> The government also indicated its intention to test out different management models, including having non-profits run the new centres instead of government agencies.

Why was it important for the Singapore government to ensure that the ten new hawker centres provided cheap food, and how could it do so?

This case examines these questions by providing an overview of past and present hawker centre policies. It then takes a closer look at recent challenges to Singapore's hawker culture, as well as the government's responses, before concluding with questions to guide the reader in identifying policy changes needed to keep hawker food affordable over the long run.

## History of Hawking and Hawker Centres in Singapore

In the colonial days, street hawking in Singapore was widespread as it offered those who were not formally employed opportunities to make a living. However, the colonial government saw street hawkers as nuisances and threats to public order and health, and sought to clear them off public streets and thoroughfares. (See **Annex A** for details) Despite these early efforts, it was only after Singapore gained independence as a nation after 1965 when there was real success in regulating and relocating the hawkers off the streets.

During Singapore's early years of independence, the new government saw hawking as a potential source of income at a time when unemployment rates were still high, as well as a valuable service in distributing commodities<sup>8</sup>. To gain better control over the sector, in 1968-1969<sup>9</sup> and 1973,<sup>10</sup> the government carried out mass registration of existing hawkers, even those without formal licenses, and gradually relocated them into permanent food centres and covered markets.<sup>11</sup>

After 1973, no more hawking licenses were issued<sup>12</sup> except to those who met the criteria under the **hardship scheme**, which ran between 1975 till 1989. This scheme allowed

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<sup>5</sup> Ministry of Environment and Water Resources, "Speech by Dr Vivian Balakrishnan, Minister for the Environment and Water Resources, Committee of Supply Debate, 12 March 2013 (Part 1)", <http://app.mewr.gov.sg/web/Contents/Contents.aspx?ContId=1796> (cited Feb 5 2015).

<sup>6</sup> NEA Newsroom, "New Hawker Centre To Be Built And Completed In Bukit Panjang Within The Next Three Years", 8 Oct 2011, <http://www.nea.gov.sg/corporate-functions/newsroom/news-releases/year/2011/month/10/new-hawker-centre-to-be-built-and-completed-in-bukit-panjang-within-the-next-three-years> (cited Jan 5 2015)

<sup>7</sup> NEA, "Factsheet On New Hawker Centres", 2013 <http://www.nea.gov.sg/docs/default-source/corporate/cos-2013/factsheet-on-new-hawker-centres.pdf?sfvrsn=0> (cited Jan 5 2015)

<sup>8</sup> Kevin Grice, "The institutionalisation of informal sector activities : a case study of cooked food hawkers in Singapore" (Ph. D. diss., Keele University, 1988), 155

<sup>9</sup> Kevin Grice, 160

<sup>10</sup> Kevin Grice, 161

<sup>11</sup> Kevin Grice, 159

<sup>12</sup> Kevin Grice, 161

‘hardship cases’—namely those aged 40 years and above, whose family income fell under a stipulated threshold, and who had dependents to support—to rent hawker stalls at subsidised rates. Licenses were not given to young, able-bodied individuals, deemed by the state as better employed in the expanding manufacturing sector. Licenses were also made non-transferable or transferable only on specific conditions being met. However, the scheme proved unpopular, as approved applicants repeatedly declined stalls allocated to them because the stalls were not in locations of their liking.<sup>13</sup> As policy-makers deemed the scheme ineffective, they discontinued it in early 1990.<sup>14</sup>

The government also embarked on a building programme to develop markets and hawker centres to house the registered hawkers. Thanks these concerted efforts, over a short span of five years from 1974 to 1979, 54 hawker centres were built – approximately half of the number standing as of 2014.<sup>15</sup>

Thus by 1986, the Singapore government had successfully resettled street hawkers. With that, the government concluded that it had accomplished the social and environmental objectives of providing hawker centres, and thus decided to cease building of any more hawker centres. Instead, the private sector would be relied upon to cater for such business in the future.<sup>16</sup>

## Singapore’s Current Hawker Scene

### *Modern Day Hawker Centres: Objectives & Functions*

The National Environment Authority (NEA), a statutory board under the Ministry of Environment and Water Resources (MEWR)<sup>17</sup> was responsible for regulating and managing hawker centres. The NEA also issued hawker licenses, which all hawkers in Singapore had to have in order to operate, whether within food centres, markets, or public spaces, under the Environmental Public Health Act.<sup>18</sup>

As of 2014, there were 107 markets and hawker centres in Singapore, with over 13,000 licensed hawkers operating there (of which approximately 6,000 sold cooked food), under management of the NEA.<sup>19</sup>

These hawker centres served multiple functions. First, they **provided affordable, hygienic food options** to the public. Ravi Menon, Managing Director of the Monetary Authority of Singapore, described them as “as one of our safety nets. Singapore is one of the few First World cities which offer good quality meals at almost Third World prices — thanks to its

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<sup>13</sup> Lily Kong, 147

<sup>14</sup>Parliament of Singapore, “Budget, Ministry Of The Environment”, March 19 1990, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00061998-ZZ&currentPubID=00069617-ZZ&topicKey=00069617-ZZ.00061998-ZZ\\_1%2Bid006\\_19900319\\_S0002\\_T00031-budget%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00061998-ZZ&currentPubID=00069617-ZZ&topicKey=00069617-ZZ.00061998-ZZ_1%2Bid006_19900319_S0002_T00031-budget%2B)

<sup>15</sup> NEA currently manages and regulates 107 markets and hawker centres in Singapore. Source: <http://app2.nea.gov.sg/public-health/hawker-centres>, accessed Dec 8 2014

<sup>16</sup>Parliament of Singapore, “Hawker Centres”, March 3 1986, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00059928-ZZ&currentPubID=00069511-ZZ&topicKey=00069511-ZZ.00059928-ZZ\\_1%2Bid002\\_19860321\\_S0004\\_T00081-oral-answer%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00059928-ZZ&currentPubID=00069511-ZZ&topicKey=00069511-ZZ.00059928-ZZ_1%2Bid002_19860321_S0004_T00081-oral-answer%2B)

<sup>17</sup> The NEA, a statutory board under the Ministry of Environment and Water Resources, is responsible for improving and sustaining a clean and green environment in Singapore. Source: <http://www.nea.gov.sg/corporate-functions/about-nea/overview> (cited Feb 2 2015)

<sup>18</sup> <http://statutes.agc.gov.sg/aol/search/display/view.w3p;ident=6af6709e-5423-4133-aa86-bc3dc0143445;page=0;query=DocId%3A%228615ccd4-a019-485d-aa9e-d858e4e246c5%22%20Status%3Ainforce%20Depth%3A0;rec=0#P11V->. (cited Feb 2 2015)

<sup>19</sup> Department of Statistics Singapore, *Year Book of Statistics 2014*, [http://www.singstat.gov.sg/publications/publications\\_and\\_papers/reference/yearbook\\_2014/yos2014.pdf](http://www.singstat.gov.sg/publications/publications_and_papers/reference/yearbook_2014/yos2014.pdf) , 291

hawker centres. How is this possible? It is in large part through the provision of “hidden” subsidies that keep rental costs low. It is therefore a general subsidy that is available to all those who patronise hawker centres — rich and poor alike.”<sup>20</sup>

Another reason for the popularity of hawker centres was the **variety and quality of local food available**. Hawker stalls formed a cornerstone of Singaporean food culture—evident from the sheer number of blogs,<sup>21</sup> books,<sup>22</sup> newspaper articles,<sup>23</sup> television programmes<sup>24</sup> and even experts<sup>25</sup> dedicated to the uncovering the best hawker food stalls in the nation.

Unsurprisingly, eating out in hawker centres, coffee shops and food courts was a regular activity for most Singaporeans. According to Department of Statistics’ *2012/2013 Household Expenditure Survey for Singapore* a household’s average monthly expenditure at hawker centres, coffee shops and food courts came up to approximately 37% of its overall food expenditure, and 58% of its expenditure on food serving services<sup>26</sup>. While absolute average expenditures on hawker food across income brackets ranged from \$294 for the average household in the bottom income quintile, to \$416 for those in the top income quintile, **households in lower income brackets spent a much greater proportion of their food expenditure** on hawker food compared to their richer counterparts, indicating a greater reliance, even if not greater absolute consumption.<sup>27</sup> (See **Annex B** for details)

Hawker centres also functioned as a **space for community bonding**. In 2005, an NEA-Ministry of Community Development, Youth and Sports survey highlighted that 81% of respondents felt hawker centres played an important role in community bonding.<sup>28</sup> The government worked to strengthen this role by organising community events there, such as busking, flea markets, and other activities offered by grassroots organisations and Hawker Associations. Hawker associations and grassroots organisations were also encouraged to take over the holding of such activities to build community,<sup>29</sup> guided by a handbook of helpful hints and resources on how to organise a successful event published by the NEA.<sup>30</sup>

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<sup>20</sup> Godwin Tang, “Economic Thinking and Practice in Singapore: Interview with Ravi Menon” *Ethos* Issue 11, August 2012,

<https://www.ccollege.gov.sg/Knowledge/Ethos/Issue%2011%20August%202012/Pages/Economic%20Thinking%20and%20Practice%20in%20Singapore.aspx> (accessed Dec 10 2014)

<sup>21</sup> Examples include: <http://www.ladyironchef.com/tag/hawker-food-singapore/>;

<sup>22</sup> Examples include: Audrey Phoon, *Business Times And Knight Frank Ceos Hawker Guide*, Business Times, 2010; *Makansutra Singapore : the frank & no frills guide to street food & restaurants in Singapore*” Makansutra(S) Pte Ltd, 2012

<sup>23</sup> “Singapore Hawker food: Stories from our archives on Singapore’s world famous cuisine”, <http://www.straitstimes.com/singapore-hawker-food>, *The Straits Times* (cited Feb 11 2015)

<sup>24</sup> An example of a popular local show on hawker food was “Yummy King” which covered where Singaporeans’ favourite hawker foods, as voted by viewers and taxi drivers, were. Source: [http://www.mda.gov.sg/RegulationsAndLicensing/Consultation/Documents/Committee%20Reports/ConsultationWithCommittees\\_PACE\\_PACEAnnualReport2002.pdf](http://www.mda.gov.sg/RegulationsAndLicensing/Consultation/Documents/Committee%20Reports/ConsultationWithCommittees_PACE_PACEAnnualReport2002.pdf)

<sup>25</sup> Example of hawker food experts include Dr Leslie Tay, author of popular local food blog [ieatishootipost.sg](http://ieatishootipost.sg), and KF Seetoh, owner of Makansutra, a local company that celebrates and promotes food culture. Source: <http://ieatishootipost.sg/about/>; <http://www.makansutra.com/about.aspx>

<sup>26</sup> Food serving services include meals bought from restaurants, hawker centres, food courts, etc.

<sup>27</sup> Department of Statistics Singapore, “Report on the Household Expenditure Survey 2012/2013”, 2014 [http://www.singstat.gov.sg/publications/publications\\_and\\_papers/household\\_income\\_and\\_expenditure/hes1213.pdf](http://www.singstat.gov.sg/publications/publications_and_papers/household_income_and_expenditure/hes1213.pdf) (accessed Dec 10 2014)

<sup>28</sup> Lily Kong, 89

<sup>29</sup> Lily Kong, 92

<sup>30</sup> NEA “Guidelines On Holding Fringe Activities At Hawker Centres” <http://app2.nea.gov.sg/docs/default-source/training-knowledge-hub/guidelines-on-holding-fringe-activities-at-hawker-centres.pdf?sfvrsn=0> (accessed Dec 10 2014)

Promoted to international visitors by the Singapore Tourism Board (STB), hawker centres were also bona-fide **tourist attractions**.<sup>31</sup> A 2003 survey commissioned by STB indicated that Singaporeans viewed food as a main attraction in Singapore, and many would bring foreign visitors, friends and relative to food centres when they visited.<sup>32</sup> 2013 and 2014 analysis reports released by the STB also indicated that a majority of tourists from Australia and China—two groups that make up a sizeable chunk of international arrivals in Singapore<sup>33</sup>—who were polled indicated that their top dining choice was at hawker centres, food courts or coffee shops.<sup>34</sup> Tours revolving around local food, and which featured hawker centres prominently, were also common in Singapore.<sup>35</sup>

## ***Hawker Policies and Guidelines***

### *Stall Allocation and Subsidies*

Within the food markets managed by NEA, there were both subsidised and non-subsidised stalls. Subsidised stallholders included the original stallholders who were relocated from the streets in the early 1970s, or allocated stalls under the Government's hardship scheme.

Almost half of the cooked food stalls that NEA managed, as of 2014, were paying subsidised rentals. For these subsidised rentals, the government put in place stringent criteria to avoid profiteering or other forms of abuse. For instance, stall tenants enjoying subsidised rents (see **Exhibit 2** below) had to personally attend to their stalls, and could not be employed in other occupations or sublet their stalls.<sup>36</sup>

**Table: Current subsidised rent in upgraded and non-upgraded centres**

Type of Stall	Trade type	Subsidised Rent per month (inclusive GST)		
		Without upgrading	Standard Upgrading	Reconfiguration / Rebuilding
Cooked Food	Cooked Food	\$160	\$192	\$320
Market	Piece & Sundry	\$92	\$110.40	\$184
	Market Produce I	\$80	\$96	\$160
	Market Produce II	\$56	\$67.20	\$112

### **Exhibit 2: Subsidised Rents in Hawker Centres (as of 2014)**<sup>37</sup>

As for non-subsidised stalls, these fell into three categories<sup>38</sup>:

<sup>31</sup> Joan C. Henderson, Ong Si Yun, Priscilla Boon, Xu Biwei, “Hawker centres as tourist attractions: The case of Singapore”, *International Journal of Hospitality Management* 31 (2012)

<sup>32</sup> Lily Kong, 88

<sup>33</sup> In 2013, the most number of international arrivals came from Indonesia (~20%), China (~15%), Malaysia (~8%) and Australia (~7%). [https://www.stb.gov.sg/statistics-and-market-insights/marketstatistics/ivastat\\_jantodec\\_2013%20%28as@02jun14%29.pdf](https://www.stb.gov.sg/statistics-and-market-insights/marketstatistics/ivastat_jantodec_2013%20%28as@02jun14%29.pdf) (cited Dec 15 2014)

<sup>34</sup> STB, “STB Market Insights: China” Aug 2013, [https://www.stb.gov.sg/statistics-and-market-insights/marketinsights/stb\\_market\\_insights\\_-\\_issue\\_2\\_china\\_.pdf](https://www.stb.gov.sg/statistics-and-market-insights/marketinsights/stb_market_insights_-_issue_2_china_.pdf), 15 & STB “STB Market Insights: Australia”, March 2014, [https://www.stb.gov.sg/statistics-and-market-insights/marketinsights/stb\\_market\\_insights\\_-\\_australia.pdf](https://www.stb.gov.sg/statistics-and-market-insights/marketinsights/stb_market_insights_-_australia.pdf), 15(cited Dec 15 2014)

<sup>35</sup> Example of food tours are mentioned in the following sites: <http://foodtoursingapore.com/>, <http://www.woknstroll.com.sg/>, <http://www.lonelyplanet.com/singapore/travel-tips-and-articles/76002> (cited Dec 15 2014)

<sup>36</sup> NEA, “Rental Policy for stalls in hawker centres and wet markets” <http://www.nea.gov.sg/docs/default-source/public-health/rental-policy-for-stalls-in-hawker-centres-and-wet-markets.pdf?sfvrsn=2>, (cited Dec 15 2014)

<sup>37</sup> Ibid

- a. **Tendered rent stalls:** Vacant stalls were tendered out by the government on a monthly basis, for 3-year fixed term tenancy, to the highest bidder.
- b. **Market rent stalls:** A subsidised stallholder who wished to leave the trade could assign his stall to another person. The assignee's rent would be progressively raised every year from subsidised rent to assessed market rent over the three-year term tenancy. Market rents were assessed and set by professional valuers, who took into account factors such as stall size, location and the prevailing market conditions.

Should an existing stallholder wish to renew his tenancy, he would be subject to a rental revision based on assessed market rent, which could have fluctuated from earlier market rents according to market conditions.<sup>39</sup>

- c. **Sold stalls:** These stalls were sold to the incumbent stallholders on 20-year leases under the *Stall Ownership Scheme*. This scheme was introduced in 1994 to enable stallholders to own their own stalls and through that gain a greater stake in nation-building. It allowed incumbent stallholders in selected hawker centres to purchase the stall they were operating, co-own them with family members, and then sell, rent or sublet their owned stalls. To encourage stallholders to participate, a discount on the sale price of the stalls were offered. The entire scheme involved 15 hawker centres, and approximately 89% of stallholders there bought their stalls. However, the scheme was discontinued in 1998 after the 1997/1998 Asian Financial Crisis.<sup>40</sup>

About 2,000 stalls in 15 centres were sold in four phases between 1994 and 1997, and their leases were slated to expire between 2014 and 2017<sup>41</sup>. In May 2014, NEA resumed full ownership of four food centres in Upper Changi, Aljunied, Ghim Moh and West Coast areas that were part the Stall Ownership Scheme. For three of these centres, NEA offered stall-owners new tenancies ranging from three years to four months, so that they could continue operating, while the last came under the management of NTUC Foodfare, under a new management model (see section below for details).<sup>42</sup>

As an example of how subsidised rents differed from assessed market rents, unsubsidised monthly rentals for cooked food stalls in above-mentioned food centres ranged from \$1,340 to \$2,360, compared to subsidised rents which ranged from \$192 to \$320, according to rental data released by NEA in 2014<sup>43</sup>. Even for non-subsidised, tendered stalls, there was also

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<sup>38</sup> Ibid

<sup>39</sup> If the assessed rent is not accepted by the incumbent and the stall is returned to NEA, the stall will then be put up for tender. The incumbent also has the choice of bidding for other vacant stalls via public tender. Source: <http://www.nea.gov.sg/public-health/hawker-centres>

<sup>40</sup> Lily Kong, 141

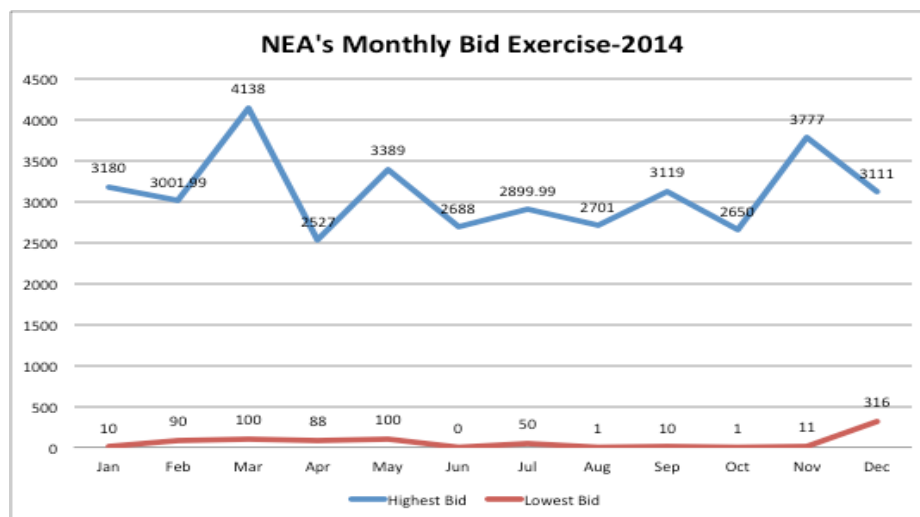
<sup>41</sup> NEA, "*Rental Policy for stalls in hawker centres and wet markets*" <http://www.nea.gov.sg/docs/default-source/public-health/rental-policy-for-stalls-in-hawker-centres-and-wet-markets.pdf?sfvrsn=2>, (cited Dec 15 2014)

<sup>42</sup> For the two of the hawker centres with expired leases, NEA offered stall-owners of two an additional three-year tenancy, while the stall-owners of the third were offered a four-month transitional tenancy as the final plans for that centre remain unclear. **Source:** *The Straits Times*, Jun 1 2014,

<http://www.straitstimes.com/news/singapore/environment/story/business-usual-four-hawker-centres-despite-leases-coming-end-201406> (cited Jan 15 2015)

<sup>43</sup> "NEA releases rental rates for food centres with leases expiring" *AsiaOne*, March 13 2014, <http://www.soshiok.com/content/nea-releases-rental-rates-food-centres-leases-expiring#sthash.7DjO2eUO.dpuf> (cited Jan 13 2015)

significant variation in the successful bids of monthly rental, according to location, food type, traffic, size, frontage and business conditions overall.<sup>44</sup> (Exhibit 3<sup>45</sup> shows the highest and lowest successful bids for 2014)



**Exhibit 3: Highest and lowest successful bids for hawker stalls in 2014**

### Eligibility

In the 1970s, the government sought to reduce the number of hawkers in Singapore, and re-direct the energies of younger working adults towards working in private enterprises, factories and other services. Towards this end, a condition that hawkers had to be above the age of 40 was included as a criterion for license issuance under the hardship scheme.<sup>46</sup> When the hardship scheme was abolished in 1990, stalls were then made available to the general public via tender.

As early as the 1960s, hawking licenses were only issued to Singaporean citizens, as part of a policy that prioritised the needs of locals who wish to carry out hawking as a means of livelihood, and to accommodate them in the limited sites, in a time of high unemployment<sup>47</sup>.

As of 2014, only Singaporeans and Permanent Residents (PRs) were permitted to operate government-owned hawker stalls, though they could be assisted by their spouses even if the latter were foreign. Hawker stall operators were also only allowed to hire hawker stall assistants who were Singaporeans and PRs.<sup>48</sup>

### Upgrading of Infrastructure

After the building of new hawker centres ceased in 1986, the Singaporean government took some pains to ensure the existing stock of centres was kept in physically good condition. In

<sup>44</sup> “Tendering Of Hawker Stalls List Of Successful Tenderers For November 2014 Tender Exercise (Closed On 26 Nov 2014)”, <http://www.nea.gov.sg/docs/default-source/services-and-forms/tender-notice/list-of-successful-tenderers---november-2014.pdf?sfvrsn=0> (cited Dec 23 2014)

<sup>45</sup> NEA, “Tender Notice Table”, <http://www.nea.gov.sg/services-forms/tender-notice> (accessed Jan 30 2015)

<sup>46</sup> Parliament of Singapore, “Issue of Hawker Licences to citizens affected by resettlement” March 14 1977, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00056577-ZZ&currentPubID=00069344-ZZ&topicKey=00069344-ZZ.00056577-ZZ\\_1%2Bid008\\_19770314\\_S0003\\_T00061-oral-answer%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00056577-ZZ&currentPubID=00069344-ZZ&topicKey=00069344-ZZ.00056577-ZZ_1%2Bid008_19770314_S0003_T00061-oral-answer%2B) (cited Jan 13 2015)

<sup>47</sup> Parliament of Singapore, “Hawkers' licences for non-citizens (relaxation of policy)” July 10 1968, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00053429-ZZ&currentPubID=00069189-ZZ&topicKey=00069189-ZZ.00053429-ZZ\\_1%2Bid012\\_19680710\\_S0005\\_T00201-oral-answer%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00053429-ZZ&currentPubID=00069189-ZZ&topicKey=00069189-ZZ.00053429-ZZ_1%2Bid012_19680710_S0005_T00201-oral-answer%2B) (cited Jan 13 2015)

<sup>48</sup> NEA Vox, “Hawker Centres”, <http://www.nea.gov.sg/corporate-functions/newsroom/nea-vox/publichealth/hawker-centres> (cited Jan 21 2014)

2001, it rolled out the Hawker Centres Upgrading Programme, to a tune of S\$420 million over 13 years, to help improve the structure of 106 hawker centres. Improvement works ranged from more minor works like retiling and rewiring, to extensive reconfiguration or rebuilding of the food centre<sup>49</sup>.

## Recent Challenges & Policy Responses

### Challenge 1: Rising Food Prices

One characteristic of hawker food seen as sacrosanct by both policy-makers and consumers was its low price point. Increase in prices was therefore treated with alarm.

In 2013, a hawker food price survey was conducted by CASE, covering 541 stalls, and focusing on five common dishes found in hawker centres. The survey found an upward trend in food prices, with the mode price of fishball noodles and mixed vegetable rice increasing by 20% and 16% respectively since 2011. The 2014 version of this CASE survey, which covered 503 hawker stalls, showed a similar increase of 10 to 20% in the price of staple dishes between 2012 and 2014. In comparison, the Singapore consumer price index increased an approximate 7% within from 2011 to 2013.<sup>50</sup>

Some hawkers attributed the increase to hikes in rental, ingredient and manpower costs.<sup>51</sup>

**(A) High Rents:** Hawkers who were not eligible for subsidised rates—approximately half of the sector—either had to bid for stalls in a government tender, or sublet stalls from existing stallholders prior to 2012. In tender bids exercises conducted by NEA, monthly rental bids in popular hawker centres like Newton Hawker Centre and Amoy Hawker Centre hit highs of over \$3,000 a stall in 2011 and over \$3,700 in 2014. Rental rates of sublet stalls were even higher, according to a 2011 news report which cited examples of some hawkers paying more than \$5000 a month.<sup>52</sup>

However, higher rents did not always translate into higher food prices. In 2013, when queried in Parliament about the effectiveness of government's efforts to moderate rentals, Minister for the Environment and Water Resources, Vivian Balakrishnan, shared an anecdote of how he found out that stalls enjoying subsidised rents were selling the same product (vegetarian *beehoon*) at a higher price point than other stalls paying market rates. Using this as an illustration, he concluded that “rent is only one component of the hawker's operating costs. In fact, raw materials and cost of labour are higher component costs of a hawker centre[...]. Rents are important but not the key determinant. Ultimately, hawkers will charge what they think the market will bear, and to reach out to the volume of work that they are aiming for.”<sup>53</sup>

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<sup>49</sup> NEA, “The Story of Hawker Centre Upgrading Programme (HUP)”, Feb 27 2014, [http://www.nea.gov.sg/public-health/hawker-centres/the-story-of-hawker-centres-upgrading-programme-\(hup\)](http://www.nea.gov.sg/public-health/hawker-centres/the-story-of-hawker-centres-upgrading-programme-(hup)), cited Dec 16 2014

<sup>50</sup> The CPI was 108.2 in 2011, and 115.8 in 2014, assuming a reference year of 2009, where the CPI was 100. Source: [http://www.singstat.gov.sg/statistics/browse\\_by\\_theme/prices.html](http://www.singstat.gov.sg/statistics/browse_by_theme/prices.html) (cited Dec 23 2014)

<sup>51</sup> Elgin Chong, *Today Online*, “Hawker food prices up by 10-20%: CASE poll”, Oct 21 2014, <http://www.todayonline.com/singapore/hawker-food-prices-10-20-case-poll> (cited Dec 19 2014)

<sup>52</sup> Huang Lijie, Feng Zengkun, “No more \$2.50 chicken rice?”, *The Straits Times*, Dec 26 2011, [http://files.campus.edublogs.org/blog.nus.edu.sg/dist/0/610/files/2012/01/st\\_chix\\_rice-1njgpvk.pdf](http://files.campus.edublogs.org/blog.nus.edu.sg/dist/0/610/files/2012/01/st_chix_rice-1njgpvk.pdf)

<sup>53</sup> Ministry of Environment and Water Resources, “Speech by Dr Vivian Balakrishnan, Minister for the Environment and Water Resources, Committee of Supply Debate, 12 March 2013 (Part 1)”



**(B) Scarce Manpower:** Modern hawkers also faced the challenge of scarce manpower. Stall assistants were in short supply, as many locals were reluctant to work the long hours required, for the low salary offered. Given the restrictions on hiring foreign helpers, hawkers either struggled to manage on their own,<sup>54</sup> or offered higher wages to attract workers, which in turn ate into their profit margins and sometimes translated into higher prices<sup>55</sup>. Failing that, some chose to shut down their businesses.<sup>56</sup>

Besides costs of hiring stall assistants, in recent years, hawkers also faced higher bills for plate collection and cleaning of the hawker centres, which they were responsible for footing. In 2012 and 2013, cleaning fees at several hawker centres shot up from around \$200 per month to as high as over \$600 a month.<sup>57,58</sup> Furthermore, in January 2014, the government announced that all cleaners would receive an entry-level wage of \$1000 a month, which marked a significant and much-needed increase for those working in the sector with a median gross wage of \$850 a month.<sup>59</sup>

In response to rising hawker food prices, the government embarked on various efforts to assuage public concerns and moderate price increases.

**(A) Monitoring prices and educating consumers:** In 2011, a 'Retail Price Watch Group' (RPWG) was set up, and tasked to monitor a revived Hawker Food Price Survey, which tracked the proportion of hawker stalls that increased their food prices.<sup>60</sup>

Other, voluntary initiatives under the RPWG include the '*I support Retail Price Watch Group*' scheme, which was launched April 2011. Under the initiative, stickers were distributed to hawkers who pledged to keep food prices constant for six months, in order to encourage hawkers to keep prices constant, and help the public identify these food sellers.<sup>61</sup> However, in ensuing months, some hawkers struggled to fulfill their promise, as increases in the cost of raw materials cut into their profit margins<sup>62</sup>. Unsurprisingly, the initiative petered out. The RPWG also organised a '*Hawker Hunt*', which crowd-sourced public nominations for value-for-money hawker food, in a bid to help publicise reasonably priced hawker food. Interestingly, the most-nominated stalls were not ones

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<sup>54</sup>“They have a lot of terms and conditions”, *The New Paper*, Nov 7 2012, <http://news.asiaone.com/News/Latest%2BNews/Singapore/Story/A1Story20121105-381612.html> (cited Jan 15 2015)

<sup>55</sup> Alice Chia, “Higher hawker food prices due to rising costs: Hawkers”, 2 Nov 2014, <http://www.channelnewsasia.com/news/singapore/higher-hawker-food-prices/1449054.html> (cited Jan 15 2015)

<sup>56</sup> Andrew Loh, “Young hawker closes stall because of labour crunch”, *The Online Citizen*, Feb 15 2014, <http://www.theonlinecitizen.com/2014/02/young-hawker-closes-stall-because-of-labour-crunch/> (cited Jan 15 2015)

<sup>57</sup> Grace Chua “Hawkers hit out at hike in cleaning fees”, *The Straits Times*, Sep 27, 2012, <http://justice4workerssingapore.blogspot.sg/2012/09/hawkers-hit-out-at-hike-in-cleaning-fees.html> (cited Jan 15 2015)

<sup>58</sup> Lee Jian Xuan, “Higher cleaning bills may mean higher hawker food prices”, *The Straits Times*, Thursday, Nov 07, 2013, <http://www.soshiok.com/content/higher-cleaning-bills-may-mean-higher-hawker-food-prices> (cited Jan 15 2015)

<sup>59</sup> Amir Hussain, “Basic wage levels to be mandated in cleaning, security sectors”, *Today*, Jan 8 2014, <http://www.todayonline.com/singapore/basic-wage-levels-be-mandated-cleaning-security-sectors> (cited Jan 15 2015)

<sup>60</sup> Govt to track hawker food prices, *The Strait Times*, March 5, 2011

<sup>61</sup> Cindy Keng, “Forum Letter Reply to The Straits Times: New watch group's aim is to monitor, not control, prices”, MTI Forum Replies, <http://www.mti.gov.sg/NewsRoom/Pages/Forum-Letter-Reply-to-The-Straits-Times---New-watch-group's-aim-is-to-monitor,-not-control,-prices.aspx> (cited Dec 23 2014)

<sup>62</sup> Jamie Ee Wen Wei, “Hawkers caught in a price squeeze”, *Straits Times*, Jun 3, 2011 <http://justice4workerssingapore.blogspot.sg/2011/06/hawkers-caught-in-price-squeeze.html> (cited Dec 23 2014)

offering the cheapest food, but rather were perceived as ‘high quality’, and priced about average to high, compared to similar dishes.<sup>63</sup>

The RPWG aimed not to control food prices, but rather provide and publicise information on the availability of low-price alternatives. However, the lack of direct intervention by the RPWG in controlling food prices led to some critics characterising it as a ‘toothless tiger’.<sup>64</sup>

**(B) Reducing Manpower Needs:** To reduce manpower needed to clear tables in hawker centres, NEA rolled out a ‘Tray Return Initiative’, which started in 34 hawker centres in 2013, and was slated to expand to all hawker centres by 2015. The initiative was pitched as “as an effort to help keep hawker centres and food outlets clean and as an act of social graciousness towards cleaners and fellow patrons”<sup>65</sup>. There had been previous attempts to launch a tray return scheme. However, the scheme encountered some resistance from customers who were reluctant to clear their own tables, as well as those who cited fears that cleaners would lose their jobs.<sup>66</sup> Nevertheless, despite teething challenges, the initiative has continued to expand as planned.<sup>67</sup>

**(C) Changing Stall Rental Policies:** In January 2011, Member of Parliament, Cynthia Phua expressed concern about the increasing rental rates due to subletting, and its potential effect on food prices. She queried in parliament whether the government should thus disallow subletting. Then-Minister of Environment and Water Resources Yaacob Ibrahim disagreed, opining that “Currently, only stallholders paying tendered and market rents are allowed to sublet their stalls. The subletting of these stalls encourages longer operating hours for the stall and, in doing so, increases consumer choice and the vibrancy of the hawker centre as a whole. It should not increase the cost of cooked food in the hawker centres.” He further explained that subletting was “a private arrangement between stallholders and [was] based on what the market can bear” and argued that the government should “leave [...] hawker stalls and hawker centres to decide what is the best arrangement, given the dynamic set of factors around hawker centres”<sup>68</sup>

However, in 2012, in response to continued calls to reduce the potential for speculation and profiteering by stallholders, the government shifted its stance and disallowed full day subletting and stall assignment for all new stall-owners. This had previously been

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<sup>63</sup> “Taste, not price is key to Singapore foodies’ hawker choices” *Today*, Nov 8 2013, <http://phone.todayonline.com/singapore/taste-not-price-key-singapore-foodies-hawker-choices> (cited Dec 23 2014)

<sup>64</sup> Andrew Loh, “Another toothless tiger to deal with cost of living”, *The Online Citizen*, April 16 2011, <http://www.theonlinecitizen.com/2011/04/another-toothless-tiger-to-deal-with-cost-of-living/> (cited Dec 23 2014)

<sup>65</sup> Tray Return Initiative rolls out first phase, *Singapore Business*, 30 Jul 2013 <http://sbr.com.sg/food-beverage/more-news/tray-return-initiative-rolls-out-first-phase>

<sup>66</sup> Winifred Wong, “Tray return initiative faces resistance”, *Yahoo! Newsroom*, May 29 2013, <https://sg.news.yahoo.com/tray-return-initiative-faces-resistance-094842873.html>

<sup>67</sup> Nadia Jansen Hassan, “Tray return initiative still going strong after 2 years”, *Channel News Asia*, Jan 19 2015, <http://www.channelnewsasia.com/news/singapore/tray-return-initiative/1600690.html>

<sup>68</sup> Jessica Lim, “No change to subletting of stalls”, *The Straits Times*, Jan 12 2011, and Parliament of Singapore, “Rental And Subletting Of Hawker Stalls” 11 Jan 2011, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00004521-WA&currentPubID=00004816-WA&topicKey=00004816-WA.00004521-WA\\_1%2B%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00004521-WA&currentPubID=00004816-WA&topicKey=00004816-WA.00004521-WA_1%2B%2B) (cited Dec 30 2014)

permissible. Existing stallholders were given a 3-year grace period to adjust to the new conditions.<sup>69</sup>

Furthermore, in 2012, the government removed the practice of setting reserve rents from its tender exercises for hawker centre stalls, which allowed hawkers to obtain stalls at bids lower than what would have been the reserve rents. This removal of reserve rents helped lower rental costs of certain hawker stalls,<sup>70</sup> and enabled the tendering out of stalls to bidders who would not have been successful under the older system. For example, from March 2012 to September 2012, out of 158 market and cooked food stalls that were tendered out, more than half went to bidders who bid lower than the original reserve rent<sup>71</sup>.

**(D) Alternative Management Models:** In tandem with the announcement of the ten new hawker centres, the government also announced its interest in having new management models, in addition to the status quo of governmental agencies NEA, HDB and JTC managing hawker centres. The benefits of divesting control of operations to private sector entities, according to policy-makers, could *potentially* include an injection of fresh ideas into the landscape, improved branding, optimised tenant mix, economies of scale and bulk purchasing<sup>72</sup>, generally more efficient operations<sup>73</sup> and thus more affordable food prices.

#### *i. Social Enterprise Model*

One management model most favoured by policy-makers was **to have social enterprises** run the hawker centres on a non-profit basis.

In November 2011, the Public Consultation Panel on Hawker Centres committee panel formed to provide ideas on the new hawker centres recommended precisely that. According to their recommendation report, new hawker centres should be operated on a ‘not-for-profit’ basis by social enterprises or cooperatives, and management models should prioritise community benefit, offer employment opportunities for the lower-income and less privileged, and also provide a platform for individuals aspiring to be part of the food industry (see **Annex C** for a summary of the panel’s recommendations).

The panel’s recommendations were accepted, and in January 2014, the government made a request for proposals from parties interested to manage four existing hawker centres whose leases under the *Stall Ownership Scheme* were expiring and were slated for return to the government. The selected parties would be appointed as master tenants, and

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<sup>69</sup> MEWR, “Speech by Ms Grace Fu, Senior Minister of State for the Environment and Water Resources, Committee of Supply Debate, 6 March 2012 (Building an Inclusive Society), Mar 6 2012

<http://app.mewr.gov.sg/web/Contents/Contents.aspx?Yr=2012&ContId=1611#Hawker>, cited Dec 18 2014

<sup>70</sup>Parliament of Singapore, “Head L – Ministry of the Environment and Water Resources”, March 11 2014, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00005827-WA&currentPubID=00005820-WA&topicKey=00005820-WA.00005827-WA\\_3%2Bbudget%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00005827-WA&currentPubID=00005820-WA&topicKey=00005820-WA.00005827-WA_3%2Bbudget%2B)

<sup>71</sup> Grace Chua, “Hawker stall rents down after rules changed”, *The Straits Times*, Sept 23 2012.

<sup>72</sup>Parliament of Singapore, “Not-for-profit Management Model for Hawker Centres” 17 Feb 2014, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00005579-WA&currentPubID=00005566-WA&topicKey=00005566-WA.00005579-WA\\_1%2BhansardContent43a675dd-5000-42da-9fd5-40978d79310f%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00005579-WA&currentPubID=00005566-WA&topicKey=00005566-WA.00005579-WA_1%2BhansardContent43a675dd-5000-42da-9fd5-40978d79310f%2B) (cited Jan 27 2015)

<sup>73</sup>“Look at hawker stall rents first”, *The Independent Singapore*, Jan 14 2014, <http://theindependent.sg/blog/2014/01/14/look-at-hawker-stall-rents-first/>

operate the hawker centres on a not-for-profit basis,<sup>74</sup> which meant any operating surplus generated by a centre would be shared among its stakeholders rather than the manager's shareholders.<sup>75</sup>

Later that year, NEA announced that one of the four hawker centres<sup>76</sup>, located at Block 208B New Upper Changi Road, would be managed by NTUC Foodfare, a social enterprise<sup>77</sup> in the food services industry established by Singapore's labour movement. NEA would work with NTUC Foodfare to implement a new, not-for-profit management model at first, and the social enterprise would then fully manage the centre by March 2015. To maintain food prices, NEA committed to keeping rentals stable, and thus stallholders at this centre who were previously on the subsidised scheme would continue to pay subsidised rentals of \$320 per month while non-subsidised stallholders would pay the prevailing market rent as evaluated by professional valuers appointed by NEA<sup>78</sup>.

Besides the Upper Changi food centre, NTUC Foodfare was also appointed to manage the new Bukit Panjang hawker centre on a not-for-profit basis when it opened.<sup>79</sup>

However, even before NTUC Foodfare stepped in to run a hawker centre on a not-for-profit model, another social enterprise had experimented with the concept, with extremely poor results. Singapore's first privately-run, social enterprise hawker centre, Kampung @ Simpang Bedok, opened in October 2012, but folded one short year after suffering from inexperienced management, poor business and heavy losses.<sup>80</sup> (see **Annex D** for details)

#### ***ii. Private operator run hawker centres***

The government also tried having private operators bid for and run food centres. In 2009, Kopitiam Square, a food and wet market, opened to much fanfare in Sengkang town. It was the first stand-alone market and food centre that the Housing Development Board (HDB) has allowed a private operator to build and run. The operator was the top bidder of a competitive tender to build and run the centre, out-bidding the next competitor by more than double.<sup>81</sup>

Reports pegged the monthly rent for a stall within the market at between \$2,000 and \$6,000, which was higher than usual in a HDB-run market. These higher rents translated

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<sup>74</sup> Feng Zengkun, "Wanted: Proposals to manage 4 existing hawker centres on a not-for-profit basis", *The Straits Times*, Jan 4 2014, <http://news.asiaone.com/news/singapore/wanted-proposals-manage-4-existing-hawker-centres-not-profit-basis>

<sup>75</sup> Feng Zengkun, "Social enterprise to run Bedok Hawker Centre" *The Straits Times*, Oct 6 2014, <http://news.asiaone.com/news/soshiok/social-enterprise-run-bedok-hawker-centre#sthash.NjnKpUaY.dpuf>

<sup>76</sup> For the other three hawker centres with expired leases, NEA offered stall-owners of two an additional three-year tenancy, while the stall-owners of the third were offered a four-month transitional tenancy as the final plans for that centre remain unclear. Sources:

<http://www.straitstimes.com/news/singapore/environment/story/business-usual-four-hawker-centres-despite-leases-coming-end-201406>, <http://www.straitstimes.com/the-big-story/case-you-missed-it/story/ghim-moh-stay-or-go-20130820>

<sup>77</sup> Foodfare, <http://www.foodfare.com.sg/about-us.html> (cited Dec 30 2014)

<sup>78</sup> NEA Vox, "Hawker Centres"

<sup>79</sup> Feng Zengkun, "Social enterprise to run Bedok Hawker Centre"

<sup>80</sup> Koh Hui Theng, "Closure of Kampung@Simpang Bedok: Team lost \$1m, man faces bankruptcy", *The New Paper*, June 25 2014, <http://www.soshiok.com/content/closure-kampungsimpang-bedok-team-lost-1m-man-faces-bankruptcy> (cited Dec 30 2014)

<sup>81</sup> David Ee, "Business poor at Sengkang Food Centre", *The Straits Times*, Jan 05 2013, <http://www.asiaone.com/print/News/Latest%2BNews/Singapore/Story/A1Story20130104-393327.html> (cited Feb 2 2015)

into higher cooked food prices, which displeased customers. Customers also complained about poor ventilation and poor food quality, and business at the food centre declined.<sup>82</sup>

After operations of about a year, at least 15 out of the 60 food stalls and three wet market stalls out of 48 moved out, citing high rents and poor business<sup>83</sup>. In 2012, reports highlighted that about one-third of the stalls were closed<sup>84</sup>, while in 2014, approximately two-thirds seemed shuttered.<sup>85</sup>

In response to the situation, the food centre operator offered to slash rentals by as much as 70 percent, if stall owners would in turn lower food prices for consumers.<sup>86</sup> The effectiveness of this approach remained to be seen. Nevertheless, policy-makers had since shied away from launching another effort to have private, for-profit operators run food centres. In 2014, Minister Balakrishnan, issued a written reply in Parliament reaffirming the government's commitment to maintaining stable rentals, and thus to keeping hawker centres as non-profit entities, stating that "Hawker centres are social infrastructure – and not an opportunity for property speculation or rent seeking by commercial entities"<sup>87</sup>

### Challenge 2: The Missing Next Generation<sup>88</sup>

*"Recently the government announced the creation of 10 more new hawker centres [...] But where are the new expert hawkers coming from, in a country that is facing a manpower crunch?"*<sup>89</sup>

KF Seetoh, Founder of Makansutra and local food guru

*"The government [...] noted that 70 percent of Singaporeans aspire to PMET jobs. I don't know what the remaining 30 percent are thinking, but I can safely say that trimming pork, chopping onions and slogging it out over a stove 15 hours a day, seven days a week, is not high on their list"*<sup>90</sup>.

Alex Au, local blogger and social commentator

In addition to the challenge of keeping hawker food prices low, another challenge faced by NEA was the need to replace the aging pool of current hawkers with younger ones, many of whom shunned hawker jobs in favour of more comfortable, less strenuous, and often more well-paying office jobs.<sup>91</sup>

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<sup>82</sup> Jamie Ee Wen Wei, "Sengkang market turns into ghost town", *The Straits Times*, Sept 21 2010, [http://www.straitstimes.com/Singapore/Story/STIStory\\_580912.html](http://www.straitstimes.com/Singapore/Story/STIStory_580912.html) (cited Dec 26 2014)

<sup>83</sup> Ibid

<sup>84</sup> Benson Ang, "Some stalls at private food centre close" *The New Paper*, March 1 2012, <http://news.asiaone.com/print/News/Latest%2BNews/Singapore/Story/A1Story20120228-330657.html> (cited Dec 26 2014)

<sup>85</sup> Jacqueline Woo, "Rents slashed, so stallholders will charge less", *MyPaper*, April 22 2014, <http://www.soshiok.com/content/rents-slashed-so-stallholders-will-charge-less> (cited Dec 26 2014)

<sup>86</sup> Ibid

<sup>87</sup> Parliament of Singapore, "Not-for-profit Management Model for Hawker Centres" 17 Feb 2014

<sup>88</sup> Daniel Goh, "Commentary: The threats to Singapore hawkers", *InSing*, April 7 2014, <http://features.insing.com/feature/commentary-the-threats-to-singapore-hawkers/id-242f3101/> (cited Jan 4 2015)

<sup>89</sup> KF Seetoh "In Singapore, A Lively Food Culture, A Dying Heritage", *Huffington Post*, Nov 27 2012, [http://www.huffingtonpost.com/kf-seetoh/singapore-food-culture\\_b\\_2192023.html](http://www.huffingtonpost.com/kf-seetoh/singapore-food-culture_b_2192023.html)

<sup>90</sup> Alex Au, "Who wants to be a hawker", June 1 2013, *Yawning Bread blog*, <http://yawningbread.wordpress.com/2013/06/01/who-wants-to-be-a-hawker/> (cited Dec 19 2014)

<sup>91</sup> Debbie Yong, "Hawker trade at crossroads: Debbie Yong examines the evolution of hawker culture in Singapore, and asks where all this is headed", *The Business Times*, 23 Feb 2013.

To tackle this challenge, NEA worked with partners to encourage and facilitate new entrants into the hawker trade, and the preservation of traditional hawkerfare. In 2013, it collaborated with the Singapore Workforce Development Agency (WDA) to develop the **Hawker Master Trainer Pilot Programme**,<sup>92</sup> under which aspiring hawkers honed their culinary skills through a foundational skills training courses offered by various organisations, and on-the-job training with veteran hawkers. “Incubation” hawker stalls were set aside to allow trainee hawkers to showcase their culinary skills using traditional hawker recipes from the veteran hawkers. One of the aims of this Hawker Master Trainer Pilot Programme was to ensure veteran hawkers passed on their culinary skills to the next generation, as well as helps build a pipeline of hawkers for the 10 new hawker centres.<sup>93</sup>

However, take-up rates of the initial phases of the Hawker Master Trainer Pilot Programme proved poor. Fewer than half of the fifty places offered were taken up three months after it was launched.<sup>94</sup> By the end of the first run in April 2014, only 13 persons successfully completed the course, and only two of the incubation stalls were utilised.<sup>95</sup>

Researchers, local food experts and hawkers commenting on the problem suggested various possible remedies:

- Efforts should be made to help **increase hawkers’ profit margins**, so they can make reasonable profits, obtain a higher quality of life, and improved work-life balance. This would in turn make the hawker trade more palatable to younger, more well-educated Singaporeans. To achieve this, the public would have to accept moderate increases in price<sup>96</sup>, while the government could offer hawkers subsidised rentals.<sup>97</sup>
- **Raising the profile of hawkers**, to encourage them to enter the profession, through initiatives such as applying for hawker centre culture to be added to UNESCO’s Intangible Cultural Heritage List<sup>98</sup>.
- **Foreigners should be allowed** to become hawkers<sup>99</sup>, or at least stall assistants<sup>100</sup>, to increase supply of manpower in the sector.
- Authorities could set up and fund a “**Singapore Culinary Academy**” to record Singapore’s food history into a syllabus delivered for schools, tertiary institutions and culinary universities, tapping into the expertise of the older hawkers<sup>101</sup>.

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<sup>92</sup> NEA, “Hawker Master Trainer Pilot Programme: To Encourage Hawker-Entrepreneurship And Preserve Hawker Heritage”, Oct 18 2014, <http://app2.nea.gov.sg/corporate-functions/newsroom/news-releases/hawker-master-trainer-pilot-programme-to-encourage-hawker-entrepreneurship-and-preserve-hawker-heritage> (cited Dec 19 2014)

<sup>93</sup> Workforce Development Agency, “Factsheet on Hawker Master Trainer Pilot Programme” <http://www.wda.gov.sg/content/dam/wda/Annex%20A-%20Hawker%20Master%20Trainer.pdf> (cited Dec 19 2014)

<sup>94</sup> “Low take up rate for hawker apprenticeship programme”, *Today*, Feb 10 2014 <http://www.todayonline.com/singapore/low-take-hawker-apprenticeship-programme> (cited Dec 19 2014)

<sup>95</sup> Grace Chua, “First batch of graduates from Hawker Master Trainer programme show off skills”, *The Straits Times*, April 28 2014, <http://www.straitstimes.com/news/singapore/more-singapore-stories/story/first-batch-graduates-hawker-master-trainer-programme-sh> (cited Dec 19 2014)

<sup>96</sup> Michele Koh Morollo, “Next Gen Hawkers”, *Singapore- More than Meets the Eye*, Apr-Jun 2013, <http://singaporemagazine.sif.org.sg/flip/2013Q2/>, 60

<sup>97</sup> Elizabeth Bennett, “Public must accept rise in hawker food prices”, *The Straits Times*, August 15, 2014

<sup>98</sup> Ibid

<sup>99</sup> Ibid

<sup>100</sup> Trinity Chua, “Graduate hawker gives it all up”, *The Independent*, Feb 14 2014, <http://theindependent.sg/blog/2014/02/19/graduate-hawker-gives-it-all-up/> (jan 23 2014)

## Case Questions

In 2015, five new hawker centres will be completed. You are an NEA director tasked with studying how these new centres can better provide affordable, good quality local food to the public over the next few years. In your recommendation report to the Minister, you should include the following:

- What are the most important functions of Singapore's hawker centres that should be preserved? How would keeping hawker food prices affordable affect the fulfillment of these functions? Conversely, what would be the impact of significantly higher hawker food prices?
- What policy changes, if any, would you recommend be implemented to help keep hawker food affordable? Based on the information you have, what are the likely effectiveness or limitations of your recommended policy changes? What additional data or information would you require to better assess the viability of your proposal?

In coming up with your recommendation report, you may wish to assess and potentially include the following policy changes:

- **Renew scheme of subsidising stall rentals:**
  - How can policy-makers ensure that rental cost savings are passed on to the consumers, rather than mostly absorbed by stall-owners?
  - Should subsidised stalls be made available to all hawkers, or a select pool of 'hardship' cases as in the past, and why?
- **Facilitate bulk purchasing of ingredients for hawkers:**
  - Should government assume the role of a central buyer?
  - Alternatively, how can the government help facilitate the setting up of hawker cooperatives?
- **Set price ceilings for hawker food**
  - What would be an appropriate benchmark of affordability, and mechanism for setting hawker food prices?
  - What is the potential impact on the hawkers and hawker food? (e.g. food quality, variety, number of hawkers)
- **Provide targeted food subsidies (e.g. vouchers) for low-income families**
- **Allowing foreigners to become hawkers and stall assistants**
- **Provide incentives for younger people to become hawkers, to replace aging hawker**

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<sup>101</sup>KF Seetoh, "Singapore Food: Time For A Singapore Culinary Academy", *Makansutra*, Jan 7 2015, <http://www.makansutra.com/stories/1/1314/SingaporeFoodTimeForASingaporeCulinaryAcademy>

## HISTORY OF HAWKERS IN SINGAPORE

### Precolonial

In the colonial days, street hawking in Singapore was widespread. It offered many of those who were not formally employed—a substantial proportion of the population then—opportunities to make a living.

However, the colonial government saw street hawkers as nuisances and threats to public order and health. This perception arose from the hawkers' unhygienic food handling practices and lack of access to adequate equipment or proper water supply, as well as continual obstruction of both traffic and pedestrian flow on the streets.<sup>102</sup>

In 1931, the Hawkers Advisory Committee was formed, and produced the first concerted examination of the issue. Key recommendations from the committee was to introduce yearly reductions in the numbers of itinerant hawkers allowed to trade, and placing further restrictions on the areas where hawkers could sell, such as close to public buildings and in the city's commercial centre, Raffles Place. The implementation of these measures created significant unhappiness and antagonism towards the police amongst the hawkers and their sympathetic customers, and pushed even more hawkers to operate outside the law<sup>103</sup>.

By the 1950s, an estimated three quarters of hawkers were unlicensed. These unlicensed hawkers had to constantly seek ways to avoid police raids and arrests, through bribing the police, paying protection fees to gangs.<sup>104</sup>

While the committee also recommended for additional markets to be provided for the licensed hawkers, implementation of this particular recommendation proved slow. Between 1931 and 1950, only two new markets were completed.

In 1950, another Hawker Inquiry Commission was formed, in response to the unexpected problems created by the policies implemented after the 1931 review. The 1950 Commission acknowledged the hawkers' role in providing cheap food. Thus instead of seeking to eradicate them, policies were drafted to incorporate them into a regulated system that pulled them off the streets and placing them into fixed locales—i.e. the hawker centre. The government also stopped the unpopular and ineffective practice of using police force and frequent raids to enforce regulations of the sector<sup>105</sup>.

To encourage hawkers to move to markets, the licence fees for itinerant traders were increased substantially<sup>106</sup>, where the rent for stalls were kept competitive, and close to the amount previously charged on the open street. Some hawkers and private entrepreneurs proactively sought permission to build their own markets and shelters. For instance, in 1954, a private entrepreneur built a market in Serangoon Road and rented the space out to interested hawkers.<sup>107</sup>

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<sup>102</sup> Lily Kong, 25-26

<sup>103</sup> Kevin Grice, 147 to 152

<sup>104</sup> Kevin Grice, 152 to 153

<sup>105</sup> Kevin Grice, 153

<sup>106</sup> Kevin Grice, 154

<sup>107</sup> Lily Kong, 27-28



However, the building of markets again proved too slow to accommodate the large numbers of hawkers, and illegal hawking remained prevalent.

### Post Independence days

In 1968, several years after Singapore gained independence as a nation, official interest in hawkers revived. The new government saw hawking as a potential source of income at a time when unemployment rates were still high, as well as a valuable service in distributing commodities<sup>108</sup>. Furthermore, the hawking community was a politically active and influential one, especially amongst the low-income Chinese community, and the new administration had to tread carefully in order to avoid antagonising them.<sup>109</sup>

Between 1968 and 1969 the government carried out a registration exercise, where temporary licenses were also issued to hawkers without licenses. In total, over 31,000 hawkers were registered, of which close to 9,000 were previously unlicensed.<sup>110</sup> All those who registered were allowed to continue trading, and were eligible for relocation into the new markets and food centres once ready. Authorities also relocated hawkers from streets to back lanes, car parks and vacant land temporarily, in anticipation of a final move to permanent food centres and covered markets<sup>111</sup>.

In 1973, another registration exercise was carried out to cover the entire island, and another batch of approximately 7000 licenses was issued. This exercise marked the last issuance of street hawking licenses in Singapore,<sup>112</sup> except to those who met the criteria under the **hardship scheme**, which ran between 1975 till 1989.<sup>113</sup>

The hardship scheme allowed ‘hardship cases’—namely those aged 40 years and above, whose family income fell under a stipulated threshold, and who had dependents to support—to rent hawker stalls at subsidised rates. Licenses were not offered to young, able-bodied individuals, deemed by the state as better employed in the expanding manufacturing sector, and licenses were also made non-transferable or transferable only on condition. However, the scheme was not popular, as approved applicants often and continually declined stalls allocated to them because the stalls were not in locations of their liking<sup>114</sup>. As this scheme did not seem particularly effective, it was discontinued in February of 1990.<sup>115</sup>

In 1974, a special squad was formed, and new measures were introduced to empower Public Health Inspectors to better clamp down on illegal hawking and a strong, concerted effort was put in place to weed out and penalise illegal hawkers.<sup>116</sup>

In tandem with the clampdown, the government also embarked on a building programme to create markets and hawker centres to house the registered hawkers. Agencies, like URA, who wanted to redevelop land were tasked with the responsibility of also building a hawker centre

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<sup>108</sup> Kevin Grice, 155

<sup>109</sup> Kevin Grice, 156-157

<sup>110</sup> Kevin Grice, 160

<sup>111</sup> Kevin Grice, 159

<sup>112</sup> Kevin Grice, 161

<sup>113</sup> <http://www.nea.gov.sg/docs/default-source/public-health/rental-policy-for-stalls-in-hawker-centres-and-wet-markets.pdf?sfvrsn=2>

<sup>114</sup> Lily Kong, 147

<sup>115</sup> Parliament of Singapore, “Budget, Ministry Of The Environment”, March 19 1990, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00061998-ZZ&currentPubID=00069617-ZZ&topicKey=00069617-ZZ.00061998-ZZ\\_1%2Bid006\\_19900319\\_S0002\\_T00031-budget%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00061998-ZZ&currentPubID=00069617-ZZ&topicKey=00069617-ZZ.00061998-ZZ_1%2Bid006_19900319_S0002_T00031-budget%2B) (cited Jan 4 2015)

<sup>116</sup> Lily Kong, 29

to house hawkers who might be affected by the redevelopment. The Housing Development Board (HDB) also built new hawker centres as part of new residential estates that were rapidly being developed, to provide food options to residents there.<sup>117</sup> Thanks to the concerted efforts of the government, over a short span of five years, from 1974 to 1979, 54 hawker centres were built, which is approximately half of the number standing as of 2014<sup>118</sup>.

By 1986, the Singapore government had successfully resettled street hawkers, and thus deemed itself as having achieved the social and environmental objectives of providing hawker centres. It thus decided to cease building of any more hawker centres, and instead let the private sector cater for such business<sup>119</sup>.

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<sup>117</sup> Lily Kong, 31

<sup>118</sup> NEA currently manages and regulates 107 markets and hawker centres in Singapore. Source: <http://app2.nea.gov.sg/public-health/hawker-centres>, accessed Dec 8 2014

<sup>119</sup> Parliament of Singapore, "Hawker Centres", March 3 1986, [http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00059928-ZZ&currentPubID=00069511-ZZ&topicKey=00069511-ZZ.00059928-ZZ\\_1%2Bid002\\_19860321\\_S0004\\_T00081-oral-answer%2B](http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00059928-ZZ&currentPubID=00069511-ZZ&topicKey=00069511-ZZ.00059928-ZZ_1%2Bid002_19860321_S0004_T00081-oral-answer%2B) (cited Jan 10 2015)

## EXPENDITURE ON HAWKER FOOD- 2012/2013 AND 2002/2003 HOUSEHOLD EXPENDITURE SURVEYS

Average Monthly Household Expenditure by Type of Goods and Services (Detailed) and Income Quintile, 2012/2013<sup>120</sup>

Type of Goods and Services	Total	Income Quintile <sup>1/</sup>				
		1 <sup>st</sup> - 20 <sup>th</sup>	21 <sup>st</sup> - 40 <sup>th</sup>	41 <sup>st</sup> - 60 <sup>th</sup>	61 <sup>st</sup> - 80 <sup>th</sup>	81 <sup>st</sup> - 100 <sup>th</sup>
Total Expenditure on Food	1,188.2	678.0	1,048.6	1,270.3	1,374.3	1,570.2
(A) Food and Non-alcoholic Beverages	423.8	309.5	413.3	463.3	456.0	477.2
(B) Food serving services	764.4	368.5	635.3	807.0	918.3	1,093.0
i. Restaurants, cafes and pubs	266.6	44.2	123.4	234.0	321.9	609.5
ii. Fast food restaurants	45.7	24.9	43.9	54.6	57.0	48.3
iii. Hawker Centres, Food Courts, Coffee Shops, Canteens, Kiosks and Street Vendors	440.9	294.7	460.9	508.2	523.9	416.6
iv. Other catering services	9.0	3.3	6.0	9.1	13.3	13.5
v. Food serving services N.E.C	2.2	1.4	1.0	1.1	2.3	5.1
<b>Expenditure on hawker food as % of all expenditure on food</b>	37%	43%	44%	40%	38%	27%
<b>Expenditure on hawker food as % of all expenditure on food services</b>	58%	80%	73%	63%	57%	38%

Average monthly household expenditure by type of good and services (detailed) and monthly household income, 2002/2003<sup>121</sup>

Type of Goods and Services	All Households	Monthly Income Group (\$)										
		Below 1,000	1,000-1499	1,500-1,999	2,000-2,499	2,500-2,999	3,000-3,999	4,000-4,999	5,000-5,999	6,000-6,999	7,000-9,999	10,000 and above
Total Expenditure on Food	787.7	323.3	458	548.3	624.9	660.3	744.5	817.5	954.8	973.1	1070.4	1255.8
(A) Non-cooked food	338.5	162.9	212.4	251.1	285	306.7	322.8	351	373.3	404.4	424.7	516.2
(B) Cooked Food	449.2	160.4	245.6	297.2	339.9	353.6	421.7	466.5	581.5	568.7	645.7	739.6
i. Hawker Food	325.1	145.7	221	264	294.1	295	343.8	362.8	394.3	407.8	420.6	373.8
ii. Fast Food	32.6	6	11.5	19.8	23.7	25.8	32	35.1	47.4	44.4	51	51.2
iii. Restaurant Food	87.6	8.3	9.2	12.6	21.9	32.3	44.3	63.9	137.1	108.5	168.8	299.9
iv. Catered Food	4	0.3	3.9	0.8	0.3	0.5	1.6	4.7	2.7	8	5.3	14.6
<b>% of Food Expenditure on Hawker Food</b>	41%	45%	48%	48%	47%	45%	46%	44%	41%	42%	39%	30%
<b>% of Cooked Food expenditure on Hawker Food</b>	72%	91%	90%	89%	87%	83%	82%	78%	68%	72%	65%	51%

<sup>120</sup> Singapore Department of Statistics, "Report on the household expenditure survey 2012/2013", <http://www.singstat.gov.sg/publications/household-expenditure-survey>

<sup>121</sup> Singapore Department of Statistics, "Report on the household expenditure survey HES 2002/03"

## REPORT OF THE HAWKER CENTRES PUBLIC CONSULTATION PANEL (2012)

### Executive Summary

In recent years, there has been increased public discussion on the cost of living, of which food costs are a major part. In view of this, the Government announced in October 2011 that about 10 new hawker centres will be built in the next 10 years to increase the provision of affordable food. This increase would have a dampening effect on curbing future increases in food cost.

The Public Consultation Panel on Hawker Centres was formed in November 2011 to provide ideas on the new hawker centres and comprises 18 representatives from different social enterprises and industries.

The Panel welcomes the government's decision to build new hawker centres and undertake a review of existing policies to ensure the new generation of hawker centres continue to meet the needs of the residents – primarily to ensure food prices remain affordable. The panel's recommendations cover three key areas, namely, Management Model, Design, and Vibrancy and Social Graciousness.

### *Management Model*

The Panel recommends that new hawker centres could be operated on a not-for-profit basis by social enterprises or cooperatives. The PCP's recommendations for management models are based on the following priority in descending order of importance:

1. The community should derive maximum benefit from the centre;
2. The centre should serve as an employment opportunity especially for individuals in the lower income groups and the less privileged; and
3. The centre should provide a platform for individuals who aspire to be part of the food industry.

There should be a dedicated management team for each hawker centre who would be responsible for the daily operations and management. The management team would ensure stallholders abide by the tenancy conditions and create programmes and events for promotions and community engagement. It would also be important to set up a business centre to support hawkers' entry into the food industry and to link them up with veteran hawkers. The panel recommends that hawker centres should be a source of affordable food and a means to keep our food tradition alive. An institution for promoting, teaching and transferring of skills should be set up as soon as possible to equip a new generation of hawkers with the necessary skills to produce traditional and heritage hawker food.

Hawker centres should also serve the needs of the community and priority on stall allocation should be given to individuals, instead of corporate entities. The social enterprise management would determine the stall rentals and stall conditions. Cleaning services in all hawker centres and markets should be centrally managed by an agency.

The Panel had earlier proposed disallowing stall assignment and subletting but would consider joint tenancy to let two stall holders run a stall to increase the operating hours of the

hawker centre, so as to improve its vibrancy. The Panel is encouraged by the government's decision to accept its recommendations in these areas.

### ***Design***

The design of the new hawker centres should be based on the principles of environmental sustainability, cost effectiveness, and low life-cycle costs. These principles emphasize design considerations that are sensitive to our tropical climate, and the adoption of energy and water efficient practices and features.

Each centre should have an innovative design (i.e. different from each other derived through design proposals from different architects) that is an improvement over existing centres and relates appropriately to the individual physical and social context. They should be architecturally decorous and delightful.

To further promote environmental sustainability, the Panel recommends providing recycling facilities, such as food collection points and recycling bins; solar panels and incorporating green features, such as roof gardens, and bioswales, when and where appropriate.

### ***Vibrancy and Social Graciousness***

Hawker centres play an important role as gathering places for the community, with a high standard of cleanliness. Vibrancy could be achieved through a right mix of shops and providing spaces for community activities. Hawker centres can also showcase Singapore's food culture through organised events such as food trails for both tourists and locals.

As a common space where social norms are formed and reinforced, hawker centres can be a platform to develop and nurture social graciousness among patrons and proprietary stallholders. This goal can be reached through the combination "Hardware" (facilities and design) and "Software" (policies and practices), together which would form "Heartware" (a socially gracious Singapore).

Source:

<http://app.mewr.gov.sg/data/ImgCont/1655/PCP%20Recommendation%20Report.pdf>

## ABOUT KAMPUNG@SIMPANG BEDOK

Singapore's first social enterprise hawker centre was opened in October 2012. Christened Kampung @ Simpang Bedok, the 32-stall food centre was run by a new social enterprise *Best of Asia*, which employed ex-drug addicts, ex-convicts and the disabled. The privately run food centre leased its space from Far East Organisation.

The food centre's management team offered vendors several options. They could either be paid a salary, either with or without profit-sharing schemes, until they could afford to pay the rent. Alternatively, those who could afford to set up stalls on their own paid full rental of about \$3,000. Subsidised rentals were also offered to some. All in all, about half the stalls paid rentals, while the other half received support from the social enterprise.

However, business proved poor at the centre, as customers complained of poor food quality, poor overall maintenance and hygiene of the centre, as well as a poor accessibility due to the design and location of the food centre<sup>122</sup>. The management team also confessed to their inexperience with running a food centre, as well as difficulties working with stallholders who sometimes needed help purchasing ingredients, or would only work when they wanted.<sup>123</sup>

Merely one year after opening, Kampung@Simpang Bedok closed down, after the social enterprise suffered losses of \$1million.

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<sup>122</sup> Rebecca Lynne Tan, "Why Kampung @ Simpang failed" *The Straits Times*, Dec 3 2013, <http://www.soshiok.com/content/why-kampung-simpang-failed>(cited Dec 30 2014)

<sup>123</sup> Koh Hui Theng, "Closure of Kampung@Simpang Bedok: Team lost \$1m, man faces bankruptcy", *The New Paper*, June 25 2014, <http://www.soshiok.com/content/closure-kampungsimpang-bedok-team-lost-1m-man-faces-bankruptcy> (cited Dec 30 2014)