

Reply to The Straits Times Forum on 21 Nov 2008 Friday

THE STRAITS TIMES F

Town council says its finances are solid

I REFER to Tuesday's article, "Town councils' exposure: \$16m". In response, I would like to update readers on Tanjong Pagar Town Council's investments.

Through prudent financial management and investment, Tanjong Pagar Town Council has managed to maximise returns on the sinking fund with minimal risk over the long term. The size of the sinking fund has grown over the years, from \$124 million in 2004 to \$179 million today. This has come about because of good management by the town council and good investment returns. The bulk of the town council's investments are in government and statutory board bonds and

fixed deposits. A smaller tranche of the funds is placed with fund managers.

Over the past few years, the town council has had good returns on the funds placed with the fund managers. Our fund managers are reputable and have good track records. They were carefully vetted by the town council investment committee, many of whom are professionals in the financial industry. The fund managers were given a mandate to invest over a three-year period. The funds are regularly reviewed by the town council investment committee, but the portfolio mix is left to the discretion of the professional fund managers. However, the emphasis is

on capital preservation with good returns at the end of the three-year period.

The town council did not purchase any Lehman Brothers funds directly. One of the town council fund managers, Lion Global Investors, has informed us it has a small exposure to Lehman Brothers bonds. It invested \$250,000 in the bonds. This amount accounts for only 0.14 per cent of the town council's total sinking funds.

The financial position of Tanjong Pagar Town Council is strong. We have sufficient funds to meet all our commitments and operational needs. We will like to assure residents that we will continue to take a prudent and pragmatic approach with town council funds.

Simon Koh
General Manager
Tanjong Pagar Town Council