COMPANION VOLUME E · INITIATED BY UNCLE JAMES

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SUCCESSION ECONOMICS

Whether the business can pay for its own succession: one stall under three sets of terms, 4,000 simulated hand-overs, 2020–26 replayed, the levers, and, from the Plan, the Succession Scheme extended, the Succession Mortgage and the Family Name Royalty in full.

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In this volume: E.1 Can the business pay for its own succession? · E.2 The levers on the Succession Mortgage, across all three tenures · E.3–E.5 From the Plan: the Succession Scheme extended, the Succession Mortgage and the Family Name Royalty.

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COMPANION VOLUME E

This Volume at a Glance

READ THIS IF YOU…

- are a hawker's family, or a successor, and want to know whether the business can pay for the hand-over;
- are a bank, an escrow (a neutral account that collects the payments and pays them out) agent or a lawyer, and want the terms, the risk and the size of the guarantee;
- want the levers (a setting the plan can turn up or down) on the Succession Mortgage and the Family Name Royalty.

THE BOTTOM LINE

1. **Yes, for a stall with long queues, but only with limits.** As first drafted, the mortgage and the royalty together would have taken more than half of a typical successor's income (E.1, E.1.1).
2. **So the payment has limits.** Each month it is 8% of takings or 30% of verified profit, whichever is less, and never below $600 or above $2,200. The royalty starts only once the mortgage is paid off (E.1.4, *The protected income*).
3. **A protected income of $1,500 a month does the rest.** Across 4,000 simulated hand-overs it cuts the quitting the payment causes from 16% to 0.4% of successors (E.1.2, E.1.4).
4. **With the relief Singapore gave, it survives a pandemic year.** We replayed 2020–26 for a hand-over in January 2020, with eight months' rent waiver, six months of fee subsidies and the income relief for the self-employed. The protected income carries the successor through. Without that relief, no rule works; the shock, not the payment, is what ends the business (E.1.3, *Through 2020–26*).
5. **The reserve must cover the worst cases, not the average.** It should be topped up as it pays out and never be allowed to run out. The money for Years 1–3 covers a pilot of 5–20 mortgages with room to spare (E.1.5, *How big the guarantee must be*).

Yet the quitting point is an assumption. If cooks give up at $1,500 rather than $1,000, a $1,500 protection adds nothing, so the escrow should review it every year.

HOW THIS CONNECTS

Where it comes from. The stress test behind the Plan's Part IV: the Succession Mortgage (§4.3) and the Family Name Royalty (§4.4), with their safeguards (§4.6), and the extended Hawkers Succession Scheme they run on (§2.3). The Plan prints each as a card; all three are printed here in full (E.3–E.5).

Read with. Follow the Plate, whose model draws the stalls tested here; the Budget Book (B.3–B.5), which budgets the escrow and its first-loss reserve (money set aside to cover the first losses if a successor fails); Method, Levers and Data (F.2), for the model's limits.

In this volume. E.1 Can the business pay for its own succession? – one stall under three sets of terms, four thousand hand-overs, 2020–26 replayed, the protected income, and the size of the guarantee · E.2 The levers on the Succession Mortgage, across all three tenures (E.2.1) · From the Plan, in full: E.3 The Hawkers Succession Scheme, extended · E.4 The Succession Mortgage · E.5 The Family Name Royalty.

TERMS USED

Goodwill. The value of a stall's name, recipes and regulars: priced at 12–18 months of verified net profit.

Succession Mortgage. The incoming cook pays the retiring hawker for goodwill out of future takings, through escrow.

Protected income. The $1,500 a month of profit that the payment, and later the royalty, never takes a successor below.

First-loss guarantee. The Seed Bank covers up to 24 monthly payments if a successor fails.

Family Name Royalty. A 2.5% share of gross revenue paid to the master's family whenever a stall trades under the master's name.

E.1

Can the Business Pay for Its Own Succession?

Yes, for a stall with long queues. For a typical stall, the first draft of the Succession Mortgage and the Family Name Royalty would together have taken more than half of the successor's income. A cap on the payment and a protected income for the successor fix that without changing the idea behind it. The plan now has both.

E.1.1 One stall, three sets of terms

In the first draft the successor paid the master for the stall's goodwill – its name and regular customers – at 12–18 months of the master's verified profit (checked by an accountant). He paid it as 8% of takings each month, never less than $900 or more than $2,200, until it was paid off; on top of that, the master's family received a royalty of 2.5% of takings from the start (E.4, E.5). The model tests those original terms at 15 months of profit on a tendered NEA stall (won at NEA's open tender, usually by the highest bid) at typical sales (156 plates a day) and at a busy stall with a queue (220 plates a day).

CASE, PER MONTH	SALES	SELLER'S NET	GOOD-WILL	PAYMENT	YEARS	SUC-CESSOR AFTER PAYMENT	AFTER ROYALTY TOO
Typical stall, original terms	$17,667	$3,169	$47,536	$1,413	2.8	$1,756	$1,314
Stall with a queue, original terms	$24,915	$7,009	$105,131	$1,993	4.4	$5,016	$4,393
Typical stall, original terms, with the package	$17,667	$3,169	$47,536	$1,502	2.6	$3,210	$2,741
Typical stall, original terms, suc-cessor keeps 90% of custom	$17,667	$3,169	$47,536	$1,272	3.1	$961	$564
Typical stall, payment capped at 30% of net (adopted)	$17,667	$3,169	$47,536	$951	4.2	$2,218	$1,777
Typical stall, capped, royalty deferred (adopted)	$17,667	$3,169	$47,536	$951	4.2	$2,218	$2,218
Capped, royalty deferred, suc-cessor keeps 90% of custom	$17,667	$3,169	$47,536	$670	5.9	$1,563	$1,563
Capped, royalty deferred, with the package	$17,667	$3,169	$47,536	$1,414	2.8	$3,298	$3,298
Subsidised stall, original terms, successor from outside the family (rent steps up to the $1,250 market rent)	$16,232	$3,369	$50,538	$1,299	3.2	$1,751	$1,345
Subsidised stall, original terms, family successor (keeps the subsidised rent)	$16,232	$3,369	$50,538	$1,299	3.2	$2,071	$1,665

Red cells: the successor would earn less than the $2,220 Progressive Wage (the pay ladder the Government sets for lower-wage jobs) for an assistant, before MediSave (the part of CPF that pays for health care) and tax. Goodwill at 15 months of the seller's verified net (12–18 months gives 2.2–3.4 years at typical takings and 3.5–5.3 with a queue). The payment tracks the successor's own

takings. A successor from outside the family pays the market rent NEA (National Environment Agency, which runs the public hawker centres) assesses (NEA's HSS FAQs, 14 Mar 2022). When a subsidised stall is assigned, NEA phases that rent in over three years (NEA's assignment form, 11 Dec 2020), and the plan asks NEA to confirm the same for HSS successors (E.3, *The Hawkers Succession Scheme, Extended – Pay the Veteran for the Goodwill*); the row shows year one of that phasing, up to $1,250, the median (the middle figure: half are above it, half below) of NEA's assessed market rents. Immediate family keep the pioneer's subsidised rent: it "can be transferred to the immediate family members of the pioneer hawkers at the same low rent" (Dr Koh Poh Koon, 13 Nov 2024). The goodwill sum is the same in both rows, because it rests on the seller's profit, not the successor's rent; the family successor gains only room to pay, $320 a month in the first year.

Why the royalty is on takings. Nigel Chua followed six hawker brands as they expanded (IPS, June 2024, pp. 31–48). Most of the licensed or acquired expansions shrank or closed, and the only licence that paid the founders a share of profit, Lao Chaozhou's, paid them nothing before its outlet closed in November 2023. So the royalty here is a share of the successor's takings at the stall the master built, and the test counts no licence income for the master's family. Where the plan does count licence income, from the Heritage Plate, it assumes that a third of licensees fail and pay nothing in any year (ASSUMPTION, the Budget Book, B.9.5, *The retirement match: what giving could cover*).

TWO NUMBERS THE TEST CORRECTED

The first draft said the payment retires goodwill in "typically four to six years". That holds for a stall with a queue (3.5–5.3 years in the model). At typical takings the 8% rule retires it in 2.8 years, because it takes $1,413 a month from a business netting $3,169. It also called the 2.5% royalty "trivial to the stall". It is small beside sales, but at typical margins it is about 14% of the stall's profit. And if the successor keeps only 90% of the old master's customers, the two together leave the successor $564 a month. The paper's text has been corrected to match.

E.1.2 Four thousand hand-overs

One stall cannot show the risk. So the test takes 4,000 tendered NEA stalls from the model's simulated stalls and keeps only those whose master makes at least $1,500 a month (the middle one makes $3,437). It prices the goodwill at 12–18 months of that profit (the middle price is $50,776) and follows each successor month by month for up to ten years. The successor keeps 75–105% of the master's customers (mean 92%). Prices, wages, utilities and demand move year to year, and rent renews every three years. A successor quits when take-home pay averages under $1,000 over six months, or for a reason unrelated to money (2% a year). Every rule meets exactly the same futures, and every hand-over is also run with no payment at all. That control matters: a successor who would have quit anyway is not the payment's fault. The burden we are looking for is the extra quitting the payment causes.

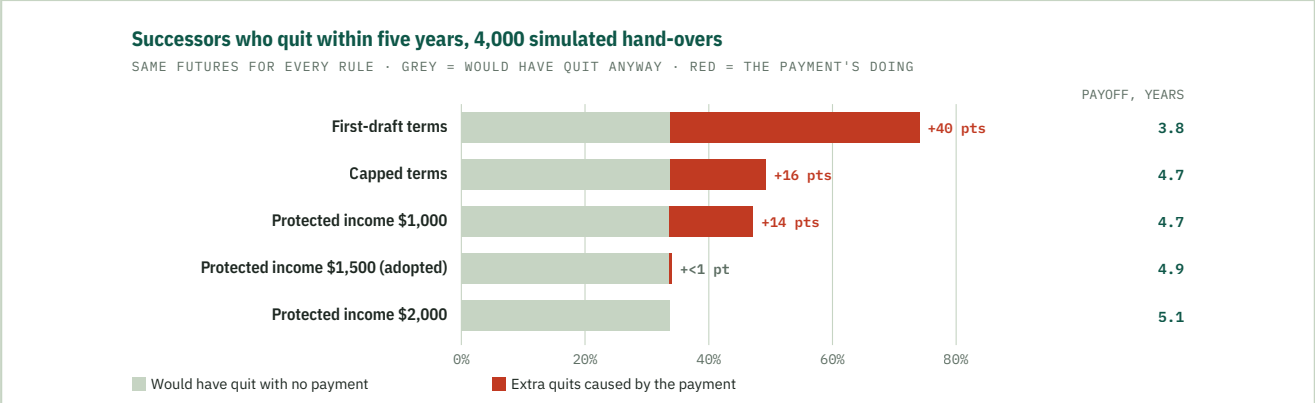


FIGURE E.1 · SUCCESSORS WHO QUIT WITHIN FIVE YEARS UNDER EACH PAYMENT RULE · 4,000 SIMULATED HAND-OVERS, SAME FUTURES FOR EVERY RULE

RULE	QUIT IN 5 YRS	DUE TO PAYMENT	PROFIT PAID (WORST 10%)	PAYOFF YRS (SLOWEST 10%)	YEAR-1 PAY, WORST 10%	RETIREE RECOVERS	FIRST-LOSS COST
No payment (control)	34%	–	–	–	$1,129	–	–
First-draft terms	74%	40%	67% (130%)	3.8 (4.8)	−$344	91%	$19,500
Capped terms	49%	16%	31% (54%)	4.7 (6.2)	$536	84%	$7,500
Protected income $1,000	47%	14%	30% (32%)	4.7 (6.2)	$954	83%	$7,100
Protected income $1,500 (adopted)	34%	0.4%	28% (31%)	4.9 (7.2)	$1,117	85%	$5,900
Protected income $2,000	34%	0.0%	21% (30%)	5.1 (7.9)	$1,129	78%	$6,400

Profit paid: median share of the successor's monthly profit taken by the payment, royalty and the 1.5% escrow fee while the mortgage runs, with the worst 10% of hand-overs in brackets. Payoff: median years, slowest 10% in brackets. Retiree recovers: payments received plus any first-loss payout, as a share of goodwill, averaged over every hand-over. First-loss cost: the guarantee's expected payout per mortgage, up to 24 payments. Pay is before MediSave and tax.

The test answers the question directly. **The first-draft terms were a heavy burden**: they caused 40% of successors to quit within five years who would otherwise have stayed. **The capped terms (payments limited to 30% of profit, with a $600 minimum, but no protected income) still cause 16% of successors to quit who would otherwise have stayed.** Two parts of the rule do it. The $600 minimum takes a fixed sum from a successor whose profit has fallen. And the payment rests on a twelve-month average of profit, which is slow to notice a sudden drop, so the payment stays high just when the successor can least afford it. That is the unnecessary part of the burden: it harms the successor and, through the failures it causes, the retiree and the guarantee as well.

E.1.3 Through 2020–26

Singapore publishes no stall-level record of takings or hand-overs, so a true backtest is impossible. The substitute is a replay: a typical tendered stall handed over in January, priced on a normal year's profit, then run through what actually happened – the circuit breaker and dine-in bans, the cost surge of 2022–23 (hawker-food prices up 5.7% and 6.1%), and the easing since. The successor keeps 95% of the master's custom.

HAND-OVER	NO PAYMENT	FIRST-DRAFT TERMS	CAPPED TERMS	WITH THE PROTECTED INCOME
January 2020, rent waivers only	quits in month 17 · $1,371	quits in month 6 · $184	quits in month 6 · $798	quits in month 14 · $1,218
January 2020, with income relief	stays · $2,121	quits in month 6 · $684	quits in month 15 · $1,475	stays; pays off in 7.1 years · $1,661
January 2022	stays · $1,767	quits in month 6 · $63	quits in month 6 · $926	stays; pays off in 5.2 years · $1,664

Each cell: what happens to the successor, then average take-home pay in the first year. NEA's relief is included: eight months of rent waiver and six months of table-cleaning fee subsidies from April 2020 (MSE, 3 Aug 2021). The second row adds the Self-Employed

Person Income Relief Scheme, $1,000 a month for nine months of 2020. Neither row includes the one-off $500 grants of 2020 and 2021. Demand during COVID, the months of relief and the 2022–23 ingredient surge are assumptions shaped on the published timeline.

A hand-over in January 2020 met the circuit breaker in its fourth month. With only NEA's relief, no rule gets the successor through. With no payment the successor quits in month 17; under the capped terms, quits in month 6; under the protected income, quits in month 14. The last quits sooner than with no payment only because of the payments made from January to March, before the shock. With the income relief scheme as well, the control stays. Under the capped terms the successor quits in month 15; under the protected income the successor stays and pays off the goodwill in 7.1 years. With the relief Singapore actually gave, the protected income gets the hand-over through the pandemic and the capped terms do not. The 2022 hand-over is the sharper lesson. Priced on a normal year and then hit by the cost surge, the successor earns about $1,767 a month in the first year with no payment and stays. Under the capped terms the floor pushes take-home pay below $1,000 and the successor quits in month 6. With the protected income the successor stays and pays off the goodwill in 5.2 years.

E.1.4 The protected income

What drives the burden. We then asked which factors push up the share of profit that goes on the payment under the capped terms, with a regression across the 4,000 hand-overs (each factor measured in a typical-sized step, one standard deviation). A thinner profit margin adds 12 percentage points to the share for each step, and losing customers adds 10 points. The size of the goodwill barely matters (+0.1 points), because the payment rate sets the monthly burden and the goodwill sets only how long it lasts. The burden falls hardest, in other words, on the successors least able to carry it: thin-margin stalls, and cooks who have not yet won the customers back. Under the protected income, the extra quitting no longer depends on any of these factors (R^2 0.00, where 0 means no link at all).

Choosing the level. A protected income of $1,000 barely helps (14% of successors still quit who would not have), because it sits at the point where a cook gives up. At $1,500 the extra quitting all but vanishes (0.4%). At $2,000 it is gone, but 8% of mortgages are still unpaid after ten years and the retiree recovers 78% of goodwill on average, against 85% at $1,500. The result holds when the assumptions move: with the quitting point at $800 or a successor who keeps 85% or 100% of the custom, the capped terms add 15% to 19% extra quits and the protected income under 1 point. One assumption can break it: if cooks give up at $1,500 rather than $1,000, a $1,500 protection adds nothing (20% extra quits). The protected income must sit above the pay at which a cook walks away, so the escrow should review it each year against what successors actually report.

Paperwork. The escrow already needs monthly takings for the 8% limb and a twelve-month verified profit for the 30% limb. The protection adds one figure, the last three months' profit, from the same records. There is no new data feed.

THE TERMS NOW IN THE PLAN (E.4, E.5)

Payment: each month the successor pays the lower of 8% of takings and 30% of verified profit, but never less than $600 or more than $2,200 – unless the next rule applies.
Protected income: the payment can never leave the successor with less than $1,500 of profit a month, tested against the lower of the last three months' and the last twelve months' profit. In a lean quarter the payment shrinks or stops, the $600 minimum is set aside, and the loan runs longer; anything still owed after ten years is cancelled.
Royalty: starts only once the mortgage is paid off, can never leave the successor below the same $1,500, and runs for ten years at most; the successor may buy it out at any time at a published multiple.

Deferring the royalty costs the master's family nothing in the test: it starts only after the mortgage is paid off, and the test follows each hand-over for just ten years, so a ten-year royalty never runs its full course inside it. Against the capped terms, the protected income cuts the quitting the payment causes from 16% to 0.4% of successors, lengthens the median payoff from 4.7 to 4.9 years, raises what the retiree recovers on average from 84% to 85%, and lowers the guarantee's expected cost from $7,500 to $5,900 a mortgage ($3,200 for a stall like the E.4, *The Succession Mortgage* worked example). Every party is better off except the retiree's timing, which slips a few months. Across the 4,000 hand-overs the middle half pay off in 4.2 to 5.9 years, which is where the plan's "typically four to six years" now comes from.

WHAT THE TEST CANNOT PROVE

The quitting point and the share of custom a successor keeps are assumptions, and they set the level of every failure figure here. With no payment, 34% of simulated successors quit within five years. For comparison, of the 99 incubation stalls NEA had allocated to new hawkers by June 2025, 37 had become full hawkers. A successor taking over a going concern should do better than a newcomer; if so, every failure and cost figure here falls, and the comparison between rules holds. The first draft assumed about 15% of mortgages would fail. In the test, a fifth of successors at strong stalls like the worked example, and two-fifths across all tendered stalls with goodwill to sell, leave before the goodwill is paid, most for reasons the payment does not cause. Each failure costs the guarantee less than its maximum, because a failed mortgage has usually been part-paid: $14,900 on average against a maximum of $30,240 in the worked example.

E.1.5 How big the guarantee must be

The Plan's Part VII budgets $660,000 over Years 1–3 for the escrow and its first-loss reserve ($150,000, $240,000 and $270,000). At about $5,900 of expected first-loss cost a mortgage, that looks like enough for about 111 mortgages. That is the wrong test, for four reasons.

- **An expected cost is an average; a reserve must cover the bad tail.** A book of 63 mortgages costs $374,000 on average, so in about half of all futures it costs more. To be 95% sure of covering it, the reserve needs $482,000.
- **Part of the $660,000 is not reserve.** It also pays to set up and run the escrow. If that takes $100,000 (an assumption: $40,000 to set up, $30,000 a year to run), $560,000 is left for losses.
- **Losses arrive over several years.** Of all first-loss payouts, 33% fall in the first year after signing, 20% in the second, 15% in the third, 13% in the fourth and 19% later, long after the Year 3 budget ends.
- **Failures bunch in a crisis.** The 2020 replay, on NEA's relief alone, fails under every rule (E.1.3, *Through 2020–26*). If a shock like it struck, every mortgage in its first two years could fail at once, and the guarantee would pay up to 24 payments on each: about $22,000 a mortgage, against $5,900 expected.

MORTGAGES IN THE BOOK	EXPECTED PAY-OUT	P90	P95	P99	CRISIS: ALL IN FIRST TWO YEARS FAIL
5	$30,000	$56,000	$61,000	$78,000	$110,000
10	$60,000	$93,000	$104,000	$126,000	$220,000
20	$118,000	$165,000	$180,000	$209,000	$440,000
40	$238,000	$305,000	$324,000	$364,000	$879,000
63	$374,000	$458,000	$482,000	$530,000	$1,384,000
100	$593,000	$698,000	$729,000	$790,000	$2,198,000

Total first-loss payout over each mortgage's life, adopted terms, 20,000 books drawn from the 4,000 simulated hand-overs. Crisis: every mortgage fails in its first two years and the guarantee pays 24 of its own scheduled payments (at least $600), capped at its goodwill. Red: above the $560,000 left after set-up and administration. Payouts are assumed to fall when a mortgage fails.

A RESERVE THAT IS TOPPED UP, NOT SPENT ONCE

The first-loss reserve should be one lump sum that never expires, not a yearly budget line: what is not paid out stays, and what is paid out is replaced. Keep it at or above the amount that would cover the open mortgages' losses in 95 futures out of 100 (the 'P95' payout) and, where affordable, at or above the crisis payout for mortgages still in their first two years. Top it up from operating surpluses and the escrow's 1.5% fee (only about $160 a mortgage a year). The Years 1–3 money can safely cover about 74 mortgages at P95 (89 if all $660,000 were reserve), but only about 25 through a 2020-style crisis (30). For the pilot that is enough. The gate needs six hand-overs across the pilot centres, and a realistic pilot has 5–20 mortgages: 20 mortgages need $180,000 at P95, well inside the reserve, and its first 25 or so mortgages are covered even in a crisis. Growing past about 74 mortgages needs more capital: about $7,300 a mortgage at P95 for 100 mortgages.

AT YOUR TABLE

The young cook who takes over your favourite stall pays the old master out of the takings. If the stall is always busy, that works. If it is an ordinary stall, the payments must be gentler, or the new cook will earn less than the person washing up.

THE LEVERS

For each proposal: which dials can be turned, what breaks first if they are turned too far, and what the plan falls back to. Each line names the section it comes from. How the levers are read, and where every lever in the library is printed, is set out in Method, Levers and Data (F.1).

E.2

The Succession Mortgage `the Plan, §4.3–4.4`

DIALS	The payment: each month the lower of 8% of takings and 30% of verified profit, but never less than $600 or more than $2,200. The protected income: $1,500 a month, tested against the lower of the last three months' and the last twelve months' profit. The write-off: any balance still owed after ten years is cancelled. The royalty starts only when the mortgage is paid off, and runs for ten years at most, with a buy-out at any time at a published multiple (E.4, E.5; E.1.4).

TURNING THE PROTECTED INCOME	At $1,000 a month it barely helps: 14% of successors quit who would not have. At $1,500 the extra quitting almost vanishes (0.4%). At $2,000 it is gone, but 8% of mortgages are still unpaid after ten years, and the retiring hawker recovers 78% of the goodwill on average, against 85% at $1,500 (E.1.4).
WHAT BREAKS FIRST	The quitting point. If cooks give up at $1,500 rather than $1,000, a $1,500 protection adds nothing (20% of successors still quit who would not have). The protected income must sit above the pay at which a cook walks away, so the escrow should review it each year against what successors report (E.1.4).
SAFEGUARDS THAT DO NOT MOVE	Opt-in only; no cold approaches; a 21-day cooling-off period; independent legal counsel; written family notification; an independent ombudsman, appointed by the board and reporting publicly each year; an annual external audit of every Fellowship and mortgage (the Plan, §4.6).
FALLBACK	The first-loss guarantee covers up to 24 monthly payments (E.4); its reserve is sized in E.1.5. The grant track carries dishes the market cannot (the Plan, §4.5).

E.2.1 Across all three tenures

Tendered stalls – the majority – run through the Hawkers Succession Scheme as extended in E.3: escrow completion is conditional on NEA's assignment approval, so no money moves unless the successor actually gets the stall. NEA bans subletting because it once drove rents up, so the payment is disclosed to NEA, capped by it, and priced on the craft, never on the location. **Subsidised stalls** use the same route, with one adjustment. A child who takes over keeps the pioneer's rent (the Plan, §2.1, *Who Actually Owns a Stall*) and needs no mortgage. For a successor from outside the family, goodwill is priced on the profit he can expect at the rent that rises in steps to the band, not on the pioneer's subsidised margin, so the price is never based on a subsidy he will not inherit. Because no public-centre stall is owned, programme credit can only ever back craft succession – never property. **Coffeeshop stalls** proceed with landlord consent, which the Heritage Anchor Partnership (Hawkers and Social Protection, C.12, *Heritage Anchor Coffeeshops*) is designed to make commercially attractive to give. There, stall takeovers already change hands privately, at prices no one publishes; the escrow simply formalises the payment, prices it on verified profit, and protects both sides.

WORKED EXAMPLE – LAKSA STALL, CLASS B CENTRE, TENDERED TENURE

Verified net profit (12-month median)	$4,200 / month
Goodwill at 15× monthly net	$63,000
8% of ~$19,000 gross	≈ $1,520 / month
30% of verified net profit	$1,260 / month
Successor pays the lesser	$1,260 / month
Successor keeps, before the royalty starts	$2,940 / month
Payoff horizon	50 months
Seed Bank max first-loss exposure (24 payments)	$30,240
Protected income ($1,500) binds?	No – successor keeps $2,940
Expected first-loss cost, simulated (E.1.4)	**≈ $3,200 / mortgage**

At roughly $3,200 of expected cost for a stall like this one – about $5,900 averaged across every tendered stall with goodwill worth selling, weaker stalls included – the mortgage gives the retiree an income, keeps the successor's costs manageable and keeps the dish going, once in each generation. This is what "let the business carry succession" means in dollars, and it is why the budget in the Plan's Part VII carries a modest first-loss reserve instead of a multi-million-dollar acquisition fund.

AT YOUR TABLE

The hand-over you never see: the new cook pays the old one a share of every month's takings until the business is truly his. Your bowl funds a retirement – and the retirement funded your bowl.

FROM THE PLAN, IN FULL

The Plan prints each proposal as a card and a short account, and points here. These are the sections it points to, word for word: the argument, the evidence and the costing behind them. A reference to one of them from this volume or another comes here.

E.3

The Hawkers Succession Scheme, Extended – Pay the Veteran for the Goodwill

ASK OF GOVERNMENT · NEA AMENDS THE SCHEME'S TERMS | ZERO FISCAL COST

BUILDS ON · HAWKERS SUCCESSION SCHEME (2022)

Credit where it is due: the hardest rule change was made years ago. Under the Hawkers Succession Scheme, NEA already relaxed tenancy rules so that retiring veterans can assign their stalls, recipes and skills to non-family successors – complete with a paired apprenticeship, a tasting evaluation, and sensible anti-flipping conditions (no stall transfer for three years; the stall's name and signature dishes preserved). The route exists. The take-up (the share of those eligible who join) tells the rest of the story: six completed transfers and four in progress, nearly four years after launch (September 2025). That is not a demand problem – stall vacancies run at 2–4% a year, well over a hundred stalls annually – it is a compensation-design problem. HSS asks a veteran to hand over decades of accumulated goodwill for a nominal mentoring stipend, while the successor pays assessed market rent (NEA's valuation of what a stall would fetch) and inherits an eighteen-month freeze on signature-dish prices. Rationally, most exits still happen outside the scheme. The upgrade:

- **Pay the goodwill.** Build the Succession Mortgage (E.4) into the HSS: the successor pays the veteran a goodwill sum, priced by formula, out of future takings; a neutral escrow holds the payments, and a guarantee covers the first losses. The goodwill is the recipes, the training and a licence of the name. It is never priced on the location, which is the public's, and NEA may cap it. The veteran finally has a five-figure reason to use the front door instead of the side door.
- **Phase in the rent.** NEA already phases it in where the jump is steepest. When a stall on subsidised rent passes outside the family, the new tenant pays assessed market rent, but "the rental increase shall be staggered over 3 years" (NEA, assignment of stall tenancy, 11 Dec 2020; NEA, transfer of stall tenancy, 28 Aug 2018; LegCo Research Office, 26 May 2014). The HSS FAQs say only that the successor "will pay assessed market rent to NEA" (14 Mar 2022); they say nothing of phasing, either way. Granted, for the non-subsidised veterans the scheme was opened to, the gap is usually small: NEA already moves their rent towards assessed market rent at each renewal, by no more than $300 a term in recent years (NEA, 4 Nov 2024). So the ask is narrow: NEA writes its own three-year phasing into the Scheme's terms. Wherever an HSS successor's rent rises, it rises over three years, as it would for any other assignee; at a pilot centre, to the applicable band. In Year 0 I will ask NEA whether it already does. If it does, this line becomes a credit, not an ask.
- **Open the gate (the checkpoint where an independent evaluator decides if the plan grows beyond five centres).** Extend eligibility beyond the veterans of about 15 years the pilot was designed for (MSE, May 2021; NEA's page no longer states a minimum) to any retiring stallholder with a *certified* successor – a Seed Bank graduate or a hawker who has completed the structured hand-over – subject to NEA's ordinary suitability checks, once per stall per generation, non-tradeable.
- **Fund the mentorship.** The hand-over apprenticeship is paid at Master Fellowship rates (the Budget Book, B.13), not a nominal stipend – teaching a successor is work, and the country's most experienced cooks should be paid for it.

- **Untie the price.** End the signature-dish price freeze and let the Affordability Compact (Follow the Plate, D.15, *The Affordability Compact & Makan Vouchers*) protect the eater instead – keeping the name and dish-continuity conditions, which were always the right instinct.

Every element above is either already in HSS or a measured answer to why HSS take-up stalled. It requires no statute and costs nothing. Still, NEA cannot simply allow a payment for the goodwill. Its tenancy terms bar a stallholder from subletting or assigning a stall, and the HSS is the one exception for a successor outside the family; NEA banned subletting in 2012 because it "led to higher rents" (MSE, 13 Nov 2024). A payment that completes only on NEA's approval of the assignment will look to NEA like a price for a public tenancy, which is what the ban exists to stop. So the ask is plain: NEA amends the HSS terms to allow a disclosed goodwill payment for the recipes, the training and the name, never for the location, with a cap NEA sets. Programme credit backs craft succession, never property (E.2.1, *Across all three tenures*). With that, a well-designed pilot becomes the standing succession pathway the trade has been waiting for: *your stall can outlive you – and your retirement will be paid for by the queue you built.* One boundary holds throughout: assignment sits alongside the ballot, never in place of it – one hand-over per stall per generation, with every other vacancy still allocated through the open front door, so succession support never becomes a side door past fair access for other aspiring hawkers.

E.4

The Succession Mortgage

SELF-FINANCING · ESCROW-ADMINISTERED, FIRST-LOSS GUARANTEED

A busy stall with long queues has real goodwill it can sell, and the record shows it. Kay Lee Roast Meat Joint was sold in 2014 for about $4 million, a little over half of it for the shop it stood in, and the Sin Kee chicken-rice recipe went for $42,800 to each of two buyers in 2016. The record also shows the failure a ministry will raise. Kay Lee's buyer planned a central kitchen and ten outlets within two years. That never happened, regulars said the food had changed, and by 2023 Kay Lee was back to one shop at its old address, owned by one person (Nigel Chua, IPS, 2024, pp. 47–48; Makansutra, 2015). Goodwill is real; scaling it is another matter, and a sale that keeps the dish is not automatic. The Succession Mortgage deals with the first: the retiring hawker is paid in full, the successor is not crushed at the start, and everything is done in the open. The Taste Council's blind tastings and the HSS's dish-continuity conditions deal with the second (E.3, the Plan, §5.2):

- **Goodwill by simple formula:** 12–18 months of verified net profit – verification via twelve months of the hawker's own records, supported by supplier invoices, never by mandated data feeds. It pays for the recipes, the training and a licence of the name, never for the location, and at a public centre it needs NEA's consent, under the terms of the HSS, amended to allow it (E.3, *The Hawkers Succession Scheme, Extended – Pay the Veteran for the Goodwill*). It keeps to the Government's own test, set out in 2013 when the sold stalls came back: "the key principle is personal operation of the stall" (Dr Vivian Balakrishnan, Official Report, 12 Mar 2013). The successor cooks; no one buys a stall to let it.
- **Paid from the future, not the past:** each month the incoming cook pays the retiring hawker `the lower of 8% of takings or 30% of verified profit`, but never less than $600 and never more than $2,200, until the goodwill sum is paid off – typically four to six years. The profit test protects ordinary stalls: at typical takings an 8%-of-takings rule alone would take close to half of a successor's income (E.1, *Can the Business Pay for Its Own Succession?*), while a busy stall pays its 8% as before.
- **A protected income:** the payment never takes the successor's own monthly profit below $1,500. We test this against the lower of his last three months' and last twelve months' profit. In a lean quarter the payment shrinks or pauses, the $600 minimum is set aside, and the repayment period gets longer. If anything is still owed after ten years, it is cancelled. Tested on 4,000 simulated hand-overs and replayed through 2020–26, this one line

removes almost all of the exits the payment itself would cause, and it pays the retiree more on average, not less, because fewer successors walk away (E.1.4, *The protected income*). The retiree's annuity comes from the living business, not from donors. And because the payment tracks takings, it answers the fair worry a queue cannot: a full house today promises nothing about takings once a new cook is at the wok – when takings dip, the payment falls with them, and the first-loss guarantee covers the rare worst cases.

- **The Seed Bank as guarantor and registrar, never as buyer:** a separate escrow account holds and passes on the payments, for a fee of 1.5% of each payment, and a guarantee pays the retiree up to 24 monthly payments if the successor fails through no fault of his own. That backing is what lets a retiree accept a young stranger's promise.
- **Family right of first refusal:** before any successor is nominated, the hawker's children have 90 days to take the stall themselves – no mortgage, no fees, and at a pioneer stall the pioneer's rent, which already passes to immediate family (the Plan, §2.1, *Who Actually Owns a Stall*).

E.5

The Family Name Royalty

SELF-FINANCING · ESCROW-ADMINISTERED

The most valuable thing many hawkers own is the name above the stall – and today their families inherit none of it. The royalty fixes that at the source of the value:

- **2.5% of gross revenue, for ten years at most,** paid to the master's family whenever a heritage stall, licensed product or successor business trades under the master's own name – administered through the same escrow as E.4, *The Succession Mortgage*. The business that pays it may buy it out at any time, at a multiple of the last year's royalty that the Seed Bank publishes in advance, so no one haggles over it at a hard moment. A licensee that uses the Heritage Plate mark pays the mark's fee instead (the Plan, §5.5). No sale pays both. It is charged on takings, not profit, on purpose: the one hawker licence I could find that paid on profit, Lao Chaozhou's with a catering group, paid the founders nothing before the licensed outlet closed in November 2023, because the cook was no longer there to "taste the food as it was being prepared, and adjust" (Nigel Chua, IPS, 2024, pp. 44–47). Most licensed expansions on record shrank or closed, so the plan counts on few of them.
- A heritage stall grossing $220,000/year pays the family about $5,500/year, for ten years: about $55,000 in all. Small beside the stall's sales, though at typical margins it is about 14% of profit, so the royalty **starts once the Succession Mortgage is paid off**: the successor never carries both at once, and the ten years run from the royalty's first month, not the hand-over's. Like the payment, it never takes the successor's monthly profit below the protected $1,500. Why ten years, and not for ever, as version 1.2 had it? Because a successor who has cooked under the name for a decade has made it partly his own, and a charge with no end would sit on the stall long after anyone remembered why it was there. Ten years is long enough to matter to a family: the children who declined the wok hold a real stake in their parent's name being cooked well and often, for as long as it is still their parent's dish that is being cooked.
- **Whose name, and which family.** Hawker names are often contested within families. A founder's son and grandson run rival bowls of the same noodles, one with a Michelin star and the other a Bib Gourmand; the son's suit of 2008 over the name ended, by Chua's account, with nominal damages of $1,000 (Nigel Chua, IPS, 2024, citing The Straits Times, 13 Oct 2010), and Hill Street Tai Hwa's "only authentic" newspaper notice of 2021 shows the quarrel goes on. So no royalty runs until the name is registered as a trade mark by a named holder, and the family sets in writing how the royalty divides among heirs. And a royalty on a name is not rent from a sublet, which NEA bars: it is paid only where a business trades under the name, it buys a licence of the name and the documented dish, never the right to occupy a stall, and the successor holds the tenancy in his own right.

- Families also receive the **digital legacy package** – a private copy of the full documentation for family use, separate from any commercial licence.

- **What is licensed.** Recipes stay open (the Plan, §3.2, *The Technique Genome*); the licence covers the mark, the master's name, and training by Master Fellows.
- **Consent and veto.** No dish carries the mark without the master's consent, and the Hawker Council's documentation veto applies (the Budget Book, B.14, *Governance, Representation & Sunset*). Checks fall on licensees' kitchens, never on hawkers' stalls.

One charge per sale. The Family Name Royalty (E.5) applies to businesses and products that trade under the master's own name; the Heritage Plate's fee or royalty applies to licensees that use the mark. No sale pays both. Licence income is a later stream (the Budget Book, B.6, B.6.1); Government might match it in the first three years, an idea, not yet an ask (Method, Levers and Data, F.9, *Ideas for Later*).

SOURCES

Sources for This Volume

The stress test runs on the Follow-the-Plate model; its calibration sources are listed in Follow the Plate, and its parameters in Method, Levers and Data (F.3). The references for the whole library are in Sources.

What we could not confirm. No published figure confirms three of the test's settings: the point at which a successor quits, the goodwill multiple and the protected income. They are ours, and E.1 shows how far each can move. Private goodwill sales are real but rare, and their prices are seldom published.

Document Control

Document	Saving Singapore's Hawker Heritage — Succession Economics
This version	1.9.3 · 1 November 2026
Status	Working paper for public discussion
Initiated by	Uncle James
Contributors	None yet. The project began with one person and hopes to grow into a team that cares; contributors will be credited here by name.
The library	1 Executive Summary 1.9.3 · 2 The Plan 1.9.3 · A The Record 1.9.3 · B The Budget Book 1.9.3 · C Hawkers and Social Protection 1.9.3 · D Follow the Plate 1.9.3 · E Succession Economics 1.9.3 · F Method, Levers and Data 1.9.3 · G The Technical Paper 1.9.3 · S Sources 1.9.3 · Your Table 1.9.3
Source	`src/doc_E_succession_economics.html` in github.com/motochan/sg-hawker-heritage, tag `v1.9.3`
Licence	CC BY 4.0 for the text and data; MIT for the model code
Independence	Hawker Heritage is an independent initiative stewarded by Silicon Wok. It is not affiliated with the National Environment Agency, the Housing & Development Board or any government agency, and it is not an official consultation. Model figures are estimates, not measurements.

Version history

VERSION	DATE	WHAT CHANGED	TAG
1.9.3	1 November 2026	Plain that the time-bound body was the UNESCO nomination committee, not FMAS, which is a standing federation; MCCY's reply of 7 Oct 2026 stated exactly; a constructive tone towards NEA; no proposal or figure changes.	v1.9.3
1.9.2	1 November 2026	Uncle James on every cover, in place of the full name; no proposal or figure changes.	v1.9.2
1.9.1	1 November 2026	The site address and contact are Silicon Wok's; no proposal or figure changes.	v1.9.1
1.9	1 November 2026	The library is stewarded by Silicon Wok; no proposal or figure changes.	v1.9
1.8	31 October 2026	A pen name, Uncle James, and an anonymised note from the author; no proposal or figure changes.	v1.8
1.7	30 October 2026	Plain words: nine numbers settled and the 285 hardest sentences rewritten; no proposal or figure changes.	v1.7
1.6	30 October 2026	Four open calls settled: NEA already staggers the rent on assignment, so the HSS ask narrows to writing that stagger into the Scheme's terms; the 2012 Panel reported in April 2012; MOM's own rules answer the foreign-worker question, so it is recorded as a fact; and Liang Eng Hwa's 2018 question on hawkers managing their own centres is credited.	v1.6
1.5	29 October 2026	Three doors: the Plan cut from 72 pages to 44, with a card for every proposal; A becomes The Record; volume G, The Technical Paper, comes from the models; Your Table is for diners.	v1.5
1.4	29 October 2026	The record: the Government's own panels, Official Reports and UNESCO report read first, hawker pay ($1,470 a month in 2021) and a day shut for illness ($372) reckoned, ten reassurances answered, the count kept as distributions with one body to own it, the Regulars' List counted in orders with a Year 0 baseline, and the Government's match now covering part of the base (40%).	v1.4
1.3	29 October 2026	Grounded: the library's claims checked against sources (314 checked; corrections made where the evidence differed); four proposals change to fit the evidence; Follow the Plate adds the middlemen and the plate over time.	v1.3
1.2	28 October 2026	Restructured, with no change to any proposal, figure or claim, as a library of standalone documents: the Executive Summary, the Plan (the case and the proposals, Part VII in brief) and six companion volumes, A to F, each opening with who should read it, its bottom line and how it connects. The Main Paper and the Technical Paper end; their sections move, with new ids, into the Plan and the volumes.	v1.2
1.1	27 October 2026	First revision: who already helps hawkers beyond Government, and where the plan joins, defers or fills (§1.3.1–§1.3.2); hawkers' protection compared with four other kinds of worker in the Executive Summary; the retirement match applies under 55, beside the existing scheme from 55; the pilot widens from one Lighthouse Centre to two Lighthouses from Year 1, Chinatown Complex and Geylang Serai, and Tekka from Year 2, five at most before the gate, each costed from its own heritage-worthy stalls and size: $14,990,340 over four years in two-part ledgers (operating and programme); the plan pays for no hawker-centre infrastructure, and apprentices learn at the master's side instead of in a prep co-operative; hawker-led Buying Circles (§2.12), a table-cleaning fee re-priced for tray return at the pilot centres and a named deputy for an hour a day join the package; a Heritage Watchlist (§3.6) opens at every government hawker centre from Year 1 and counts each year the stalls at risk, and from Year 4 each centre funds new Fellowships at a maintenance rate fed by that count.	v1.1

VERSION	DATE	WHAT CHANGED	TAG
1.0	27 October 2026	First edition: one document in three papers, the Executive Summary, the Main Paper and the Technical Paper.	v1.0

Versions are numbered major.minor. A new major version is a new edition, made with contributors or reviewers beyond the initiator; a minor version changes a proposal, a term or a headline figure, or restructures the documents by the initiator alone; a third digit marks a correction to wording or sources that changes none of them. Each version is tagged in the repository, and its PDF can be rebuilt from that tag. The PDF's file name never changes; the version on the cover, in the footer and on this page is the one that counts. Every change since 1.0, with the sections it touches and why, is recorded in the Version and Change Control Log published beside the library.