

Press Statement: Land proposals good mix of recommendations for enhancing Singapore's economic competitiveness.

Let Markets Work, says LWG of the ERC

1. Today the Land Work Group of the ERC announced its recommendations to help improve Singapore's economic competitiveness. Among its key recommendations were for the Government to minimise its participation in market sectors where there were no developmental, strategic or socio-political considerations, as well as a rescoping of the role of the HDB.
2. The Chairman of the Land Work Group, Mr Cheng Wai Keung explained that **"the recommendations are a good mix of more immediate measures, as well as more strategic initiatives to lay the foundations for future improvements. We have also taken a dual approach of emphasising both cost reduction measures and value creation measures, as this is the only way to sustain a higher standard of living for Singaporeans."**
3. The recommendation to minimise the Government's role reduces the crowding out of the private sector, and increases the available competitive space. However, where there is a need for Government intervention, it should not be constrained from taking on a pioneering role. One example cited is the role of the Government in the One-North JTC development. Here the Government will only develop less than 20% of the project, in order to kick start it. The private sector will develop 80% or more of the project. Recommendations include rescoping the HDB's role in the public housing value chain so that some functions can be performed by the private sector without compromising the social objectives of the housing programme.

Residential sector

4. Other residential sector recommendations include a review of the continuing relevance of the executive condominium scheme, a relaxation of the HDB rental rules as well as for the Government to undertake a fundamental review of the homeownership policy.

Industrial sector

5. For the industrial sector, recommendations include facilitating strategic developments by advancing transportation infrastructure, flexible lease tenures, more internationally competitively priced land and the adoption of a pay-as-you-use approach for buying land. Mr Stan Tebbe, Regional Director, ExxonMobil Chemical Asia Pacific and member of the LWG, said that **"these measures increase Singapore's attractiveness to international investors. For example, today, companies locating in Jurong have difficulty getting workers to go there because of inadequate public transport infrastructure. Many companies end up providing chartered buses for their workers. It would probably be more efficient for the State to provide that transport infrastructure instead of each company seeking to do so individually."**

Services sector

6. For the services sector, the LWG supported the development of a large integrated Business Financial Centre (BFC) for strategic reasons. Dr Steven Choo, Deputy Chairman of the Land Work Group explained that **"the Government has announced that a large site in the New Downtown be released for the development of a large business and financial centre in order to strengthen Singapore's position as a**

financial hub. In spite of the weak market supply situation currently, the LWG supports this initiative for that strategic reason. We have also suggested some areas for the Government to look into in order to help ensure the success of the proposed BFC development, and the continued vibrancy of the CBD."

Specific rules, regulations and practices to be reviewed

7. The LWG also made recommendations for the review of specific rules, regulations and practices. For example, it recommended that the Land Titles (Strata) Act be reviewed to facilitate the trend towards mix use developments. Also, for the Planning Act to be reviewed to better meet emerging trends for longer tenancies. Dr Amy Khor, Director (Investment Sales), Knight Frank Pte Ltd and member of the LWG, explained that these changes "**help in maintaining a flexible operating environment that allow market forces to work more effectively.**"

Conclusion

8. Mr Cheng explained that the implementation of the recommendations, if accepted, should be carefully sequenced and co-ordinated, taking into account the wider implications on the wider economy and their interactions with each other. He added: "**More fundamentally, we are moving towards a paradigm where the private sector and the general public will have to change to a mindset where they have to take on more responsibility and bear the risks of their own decisions.**"