



ESC SUBCOMMITTEE MAXIMISING VALUE FROM LAND AS A SCARCE RESOURCE

COMMITTEE CO-CHAIRLED BY:

MS GRACE FU

SENIOR MINISTER OF STATE (NATIONAL
DEVELOPMENT) AND (EDUCATION)

MR WONG FONG FUI

CHAIRMAN AND GROUP CEO,
BOUSTEAD SINGAPORE LIMITED

Higher Land Productivity For Future Growth

As a small island state, Singapore not only has to host its businesses and industries, but also all its other needs – utilities, homes, schools and defence – within some 710 sq km of land. As we grow as a city, there will inevitably be greater demands on our limited land resources. At the same time, Singapore's land use system must evolve to support Singapore's aspirations as a global city in the heart of Asia.

Nevertheless, Singapore has never viewed its resource constraints as a handicap. **Instead, Singapore's land constraint has and will continue to serve as the impetus for us to make strategic shifts towards higher value-added and more land-efficient economic activities, and to think up more productive ways of using land to support future growth.** Through more innovative and productive use of land, as well as spatially distributing economic activities through the development of new integrated activity hubs, we can accommodate both higher economic activity and a higher quality of life for our people. In the next decade, new industrial parks, business hubs and lifestyle destinations will be introduced to make Singapore a great place to live, work and play in.

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LAND RESOURCE MANAGEMENT:

MANAGE SCARCITY, INCREASE PRODUCTIVITY

We will build on our Key Fundamentals

1. Integrated, long term planning remains key

Singapore has to continue to adopt an integrated, long term approach to land use and infrastructure planning. This is needed for us to safeguard sufficient land for various economic uses as well as to support long term population growth. Through long term and

integrated planning, we can optimize land use, protect amenity and preserve a quality living environment even as our economy and population expand. An integrated, long term land use planning system has been and will continue to be key in ensuring Singapore's leadership as a business and financial hub.

2. A Dual Approach

But we must recognise that a more dynamic global and domestic economic environment, including the shortening of product and economic cycles, means that the government alone cannot ensure that land resources are allocated optimally and in a timely manner. **Therefore, more than ever, Singapore must calibrate a fine balance between the government's and the market's role in the allocation and supply of land.** The government must strategically allocate land to achieve macroeconomic objectives, while allowing the market room to price land and allocate land resources to more productive uses as the economic structure changes over time. In this regard, the ESC recognises that the government should continue with the dual approach of allowing open tender of land within a zoning framework while providing for direct allocation to provide certainty in meeting the specific needs of strategic projects. The ESC also recognises that there is a functioning private property market in Singapore. The government's role is to maintain a stable market where prices move in line with economic fundamentals but we should allow the market room to set prices and respond to demand for space.

And Greater Emphasis will be placed on...

3. Increasing Land Productivity

In addition to robust planning, we should also focus on making our land use system more nimble and remove barriers that may impede the flow of land resources from less to more land-efficient economic activities. Within the broad land allocation for the manufacturing and services sectors, the ESC recommends that we place a ***greater emphasis on land productivity in deciding on land allocation*** among various competing uses. The ESC also recommends that we inject greater flexibility in terms of land use zoning and review land uses where needed, to ***allow the market greater room to determine land allocation*** among competing uses, so as to right price land and to enable Singapore to meet the specific needs of a more diversified economy in a more responsive manner.

4. Investing ahead to create land and space

Land is a strategic resource for future growth. **Hence, the government should take the lead to invest in the creation of land and space to make room for future growth.** This includes intensifying land upwards, downwards and reclaiming land.

KEY RECOMMENDATIONS

INCREASE LAND PRODUCTIVITY

Recommendation 1: Land efficiency as a consideration in economic development and land allocation

- **Singapore should allocate land at the macro level to support a diverse and resilient economy.** In particular, we must continue to set aside ample industrial land to support manufacturing as a key pillar of the economy.
- **However, our economic strategy ahead must continue to take into consideration our land constraints and seek to facilitate a move towards higher value-added and more land-efficient activities.** Given its resource constraints, Singapore should take into consideration not just the value added and skills level, but also the resource efficiency (i.e. land, labour and energy) of sectors in its economic development and investment attraction efforts. In particular, Singapore should measure land productivity in a holistic manner to reflect the “yield” of the land in terms of indicators such as VA, jobs, spillover and value capture per hectare. The land productivity of various activities should be tracked and applied consciously in its decisions on which sectors to promote and to allocate land to.
- In this regard, the government should be prepared to continue to directly allocate land for selected economic activities, including projects in the Services sectors, especially if the market or other land allocation mechanisms are inadequate in meeting the needs of these strategic projects.

Recommendation 2: Re-plan, rejuvenate and recycle land

- **The ESC recommends that we should make bold moves to re-plan our land use to make space for future growth.**

A key example is the port land at Tanjong Pagar and Pulau Brani. The port's lease at City terminal will expire in 2027. The government should plan ahead to optimize the development potential of the prime waterfront land that is freed up, including identifying the best economic uses for the land. With a land area of size comparable to Marina Bay, the area can be master-planned and progressively redeveloped as a new waterfront city that can serve as the next big focal point for future economic growth. The area will potentially allow for a substantial expansion of the business district integrated with quality waterfront housing and hotels, lifestyle and tourism uses.

- The ESC proposes that Concept Plan 2011 should study the feasibility of a consolidated port at Tuas in the long term, with adequate handling capacity to ensure continued

competitiveness. If feasible, it will increase port efficiency by allowing the port to achieve greater economies of scale in terms of land and operations, and free up existing port land to support new economic activities in the future.

- The ESC also recommends that land development agencies like JTC and HDB progressively step up the comprehensive rejuvenation of mature industrial estates towards more land-efficient and higher value-added activities, and to meet the changing needs of industrialists.

Recommendation 3: Make zoning and change of land use more flexible to allow land resources to flow to more productive uses

- Singapore's limited resources, including land, must be able to be flexibly deployed and redeployed to support new and different economic activities especially in a fast changing economic environment. The responsiveness of our land use system directly determines our nimbleness as an economy. On the other hand, the zoning and land use controls we have put in place are necessary to safeguard amenity, as well as to ensure that sufficient land is safeguarded to support a diversity of economic uses. Too much land use flexibility (or "white" spaces) could affect the land prices such as for industrial land.
- **Therefore, the ESC proposes a gradual and targeted injection of flexibility in land zoning and in reviewing land uses, to enable a greater diversity in economic activities.** This will give Singapore greater nimbleness as a system to accommodate different economic activities and allow more space for different activities to compete and right-price land resources.

Recommendation 4: Intensify industrial land use

- **Industrial land currently takes up more than 10% of our total land stock. The ESC recommends that the government consider providing incentives to encourage experimentation in and implementation of innovative industrial plant layouts to intensify industrial land use and achieve a smaller land footprint.** These incentives can be focused on industrial sectors that are large land-takers and/or which have low plot ratio (i.e. chemicals, wafer fabrication, aerospace, pharmaceuticals, solar and marine sectors). The government should also value industrial land with higher Gross Plot Ratio appropriately to encourage more intensified use.
- **The ESC also recommends enhancing the master-planning of industrial and business parks to allow greater sharing of common facilities.** To intensify space usage, the government could review and implement a performance based pollution control system to allow integration of dormitories and other ancillary facilities with industrial uses.

PLANNING FOR GROWTH

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- Despite our size, Singapore has ample potential for future growth. As part of our comprehensive long term planning, Singapore will continue to ensure sufficient land and space to support future economic activities.
- **A key strategy of Singapore's land use planning is to decentralize economic activity across the island through the creation of new commercial nodes outside the Central Area, such as the regional centres.** This will ease the sense of congestion in the existing Central Business District, reduce the burden on the transportation network and bring jobs closer to homes. Decentralization can also allow businesses greater choice in business locations.
- **Economic growth and a high quality of life can go hand in hand. Our liveability as a city will be a key source of economic advantage for Singapore in terms of investment and talent attraction.** With the shift to a capability-driven economy, we can create more knowledge-intensive jobs for our people. There will be greater room to integrate economic uses together with residential and leisure uses. At the same time, it becomes even more important to improve the quality of living in Singapore to root and attract talent here to support such an economy.
- **Therefore, the ESC recommends that Singapore improves the quality of its land and infrastructure offerings to support its aspiration to be a Global City in the Heart of Asia.**

Recommendation 5: Make Singapore a Great Place to Work and Live

- **The government should consider integrating residential, business, leisure and even clean industrial/research uses into "live-work-play" enclaves with character.** The new growth areas at Jurong Lake District (JLD) and the Kallang Riverside precinct are examples of such enclaves that will be realised over the next 10 to 15 years. In particular, the Kallang Riverside precinct will have a wide mix of uses, including waterfront residential living within a lush park setting and hotels fronting Kallang Basin catering to family and business travellers alike. There will also be lifestyle and entertainment uses, as well as new opportunities for quality office space at the fringe of the city, with potential for synergies with the nearby Kallang industrial area. While new developments will be introduced, the historic Kallang Airport Terminal Building will be conserved and adapted to new uses, preserving memories while allowing for a new lease of life.
- **Similarly, new industrial parks in the future could integrate more supporting amenities and spaces to engage the public.** An example is the industrial park planned at Lorong Halus. Situated on the former re-habilitated landfill and fronting Sungei Serangoon, it is planned to include lush greenery as well as waterfront lifestyle uses alongside industrial spaces.
- **Singapore must systematically plan its land use and infrastructure development to meet the aspirations of a knowledge workforce in Singapore, including housing as**

well as education needs for their children. New residential options will be injected within the Central Area and around key transport nodes to make the workplace even more accessible.

- **Singapore should also improve its lifestyle infrastructure** to make the city an even more attractive place to work and live in. In addition to new parks and park connectors which have been planned, new recreational options both within and outside the Central Area should be created to enhance the liveability of the city.
- An example is Gillman Village which can be turned into an arts and creative cluster; a prominent destination to anchor and grow the arts and creative businesses. Supported by a thriving ecosystem of arts and lifestyle uses, it will inject economic and social vibrancy into our landscape. The Village will add to the diversity of attractions along the southern waterfront, which includes the Southern Ridges and the Vivocity/Harbourfront area.

Recommendation 6: Provide choice and diversity in business locations

- Singapore must provide choice and diversity of business locations if it wants to be a base for both multi-nationals as well as future global SMEs. This diversity and choice is needed to support the whole value chain of activities of businesses, as well as to cater to the different needs of MNCs and SMEs.
- **The government should seek to catalyze and position new growth areas to serve as attractive hubs for businesses including their Asian and global headquarter activities.** Key growth areas, such as Jurong Lake District, Kallang and Paya Lebar, will be master-planned with excellent amenities, comprehensive transport connectivity, environmental sustainability features and green and blue recreational spaces to host regional and global HQ functions. Coupled with business parks and new Grade A developments in the existing CBD and Marina Bay, Singapore will provide a diverse choice of locations for businesses for their front, mid and back office needs.

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- An example is Jurong Gateway, where a cluster of commercial sites fronting the Jurong Town Hall Road has been master-planned to provide a well supported yet affordable location for businesses including global and Asia HQs. This cluster alone can generate more than 200,000 sqm of office space, out of a total of 500,000sqm of office space planned for within Jurong Gateway. The HQ cluster, which will have an expansive view of the Jurong Lake, is right at the doorstep of a regional transport hub, Jurong East MRT station, and a stone's throw away from new hotels, residential, F&B, retail, entertainment, leisure and other complementary amenities that will be developed within the next 10 years.
- **The government should also identify suitable "incubator" spaces to support the development of promising SMEs and to help entrepreneurship to flourish.** This includes safeguarding suitable state properties as more affordable incubator spaces for

allocation to promising SMEs identified by economic agencies or for creative enterprise to flourish in “white spaces”.

- **For Singapore to effectively serve as a host for both MNCs and aspiring SMEs, our land use system must allow for greater customization. The ESC recommends providing greater choice in lease periods to cater to different business needs.** The government can consider allowing longer industrial leases for capital intensive industries but with considerations built in for early termination of the leases, and shorter leases for less capital intensive industries. The government can also consider releasing commercial sites with a shorter lease of 60 years to provide variety to the office space options available.

Recommendation 7: Provide a Plug and Play Environment

- Singapore must be able to respond swiftly with its land and infrastructure offerings in order to be competitive. It should be prepared to invest in infrastructure ahead of time to anchor strategic investments.
- **In response to shorter economic and product cycles, the ESC proposes that the government should resource its land development agencies, such as JTC, to prepare and rejuvenate land in advance to provide a plug and play environment for industries and businesses.** This includes putting in place infrastructure and shared facilities ahead of demand.
- Given an economic structure that is increasingly driven by the twin engines of manufacturing and exportable services, Singapore should retain the nimbleness to respond quickly to new economic opportunities (aka to provide for “economic white space”) by perhaps expanding the role of JTC to support all strategic economic activities as required. For instance, the Mediapolis at one-north can be further expanded to support new products and services such as embedding digital media in education, lifestyle and entertainment.

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Recommendation 8: Manage cost volatility to create a better business environment

- The level and most importantly, the degree of fluctuation in housing and office rents directly influence the decisions of businesses and talents to relocate to Singapore. However, given the small and open economy of Singapore, it is not possible to eliminate volatility in property prices. Neither should the government intervene excessively in the market. It should let prices be largely determined by supply and demand conditions.
- **Nevertheless, the ESC recommends that the government maintains its policy of steady release of land to pre-empt rental spikes.** In this regard, the ESC recommends a review of the Reserve List procedures to make it less onerous for developers to trigger sites placed on the Reserve List so that supply can be more easily activated when needed.

The real estate industry and business associations can also help by promoting longer leases and good lease management practices to mitigate office rental volatility.

CREATE LAND AND SPACE

Recommendation 9: Invest in creating and using underground space

- Land is a strategic resource. Hence, the government should adopt a long term perspective and invest strategically in the creation of land and space.
- **Just as Singapore has reclaimed land in advance to support economic growth in the past, the ESC recommends that the government acts early to catalyze the development of underground space.** The government can take the lead by:
 - Creating basement spaces in conjunction with new underground infrastructural developments (e.g. rail) to add to its “land bank”;
 - Developing an underground master-plan to ensure that underground and aboveground spaces are synergized and better integrated with surrounding developments and infrastructure;
 - Establishing a national geology office to collate underground information that will benefit both the private and public sector efforts in underground development;
 - Developing a subterranean land rights and valuation framework to facilitate underground development; and
 - Investing in underground development R&D and directly investing in cavern level test-beds.

Recommendation 10: Develop greater synergies with land abundant neighbouring regions

- **The ESC recommends that Singapore look beyond optimizing resources within its geographical confines. It can also seek to work with its land abundant neighbouring countries to support the whole value chain needs of businesses, thereby jointly offering investors a more attractive value proposition that spans borders.** The ESC

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suggests that Singapore enhances transport connectivity with our neighbours, as well as study new ways to twin our regions, such as co-operation in twinning our tourism products.

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