

## WHY DON'T WE USE MONEY FROM **LAND SALES**?

It is **not fiscally sustainable** for the Government of the day to sell land just to meet expenditure needs.

If the Government is allowed to spend such proceeds immediately, there could be consequences for Singapore, where land is a **scarce asset**.

- A** Such a policy creates an incentive for the Government to **plan land sales based on fiscal needs** instead of actual developmental needs, and **favour high bids** for more revenue. Higher land bids will lead to higher land and housing costs for Singaporeans.
- B** Over-reliance on land sales proceeds subject the Budget to the **booms and busts** of the property market.
  - During a downturn, bids for land are likely to be lower. The Government may find itself short of revenue at the time when it needs it the most.
- C** Once land is sold and the money is spent, we have **fewer available assets** that can generate future income.



Instead, we manage land sales by investing the proceeds as part of our reserves, and spending the returns through the **Net Investment Returns Contribution (NIRC)**.

This allows land sales to be spent in a **sustainable way**, in order to provide a **continual stream of income to the national Budget**.

In addition, past reserves (including land sales proceeds) are used to fund **land-related projects**.

- A** Land reclamation
- B** Creation of underground space like the Jurong Rock Cavern
- C** Land acquisition projects like HDB's Selective En-bloc Redevelopment Scheme (SERS)



We are benefitting from our reserves through the **Net Investment Returns Contribution**, which provides **additional resources** for government spending to support Singaporeans in a **sustainable manner**.