

**SPEECH BY MR MAH BOW TAN, MINISTER FOR NATIONAL  
DEVELOPMENT, AT SINGAPORE CONTRACTORS ASSOCIATION LIMITED  
(SCAL) 71ST ANNIVERSARY DINNER 2008 , 21 OCTOBER 2008, 8:30 PM AT  
RAFFLES CITY CONVENTION CENTRE**

Mr. Desmond Hill, President of SCAL  
Members of SCAL,  
Ladies and Gentlemen,

1 Good evening.

2 Thank you for inviting me to join you to celebrate the 71st Anniversary of the Singapore Contractors Association.

**Global Economy at Turning Point**

3 The global economy is now shrouded with grave uncertainty. The financial crisis which originated from the US, has now turned into a global economic crisis. Loan defaults, de-leveraging and loss of confidence have all taken their toll on the real economy, causing tightened liquidity and a slowdown in economic activities. While decisive action by the US and other developed countries has prevented a meltdown in the financial system, the verdict is still out as to how the economic situation will evolve. Like others, the Singapore economy has not been left unscathed, and we are now technically in recession following two consecutive quarters of negative economic growth.

4 The construction sector will also not be spared from the turmoil of the financial markets and weakening economic climate. While the domestic construction demand this year is estimated to reach between S\$27 and S\$32 billion, it is expected to fall going forward. Accordingly, we must all be prepared to face some tough and challenging times ahead.

5 BCA has been monitoring the industry situation closely. From the feedback BCA has gathered from developers, contractors and professionals in recent weeks, we have not seen any disruption or slowing down of work progress due to the crisis so far. Progress payments of projects have remained prompt and stable. But we still need to be watchful, as the situation can deteriorate quickly, and the impact of the financial crisis feeds into the real economy over the next few months.

6 Earlier, the Government had deferred \$4.7 bn worth of public sector projects to ease the pressure on the tight construction resource situation and try to keep construction cost down. There have been suggestions that in view of the expected economic downturn, Government should bring forward some of these projects. This is something that we will certainly consider. However, if we do, we must choose the timing carefully. Doing so now, when the availability of skilled manpower, equipment and other resources is still constrained, will not help. It will

only drive the already high construction costs up. We will monitor the situation closely, taking into account the construction demand, contracts awarded and construction cost trends. If the need arises and at the appropriate time, the Government will restart some of these previously deferred projects, to take up the slack in the industry.

7 In addition, we will continue with key infrastructure and housing projects to support our medium to long term economic growth and social needs, as well as rejuvenate our older estates. The construction industry will, therefore, continue to have a critical role to play in delivering these upcoming developments.

### **Overcome Challenges and Tap on Opportunities**

8 Every crisis brings with it both challenges and opportunities. This one will be no different. Beyond the gloom cast by the economic crisis, this downturn presents an opportunity for the industry to consolidate and strengthen its capabilities after recent years of strong growth. The industry must start preparing itself well to tackle the increasingly challenging and dynamic business environment, as well as to exploit future opportunities.

9 For a start, builders should exercise greater prudence in managing their financial resources and guard against over-extending themselves. At the same time, they should redouble their efforts to improve their productivity and upgrade their capabilities, so as to be better placed to exploit future growth opportunities. The industry should sharpen its competitive edge by focusing on two key areas to stay relevant and to ready itself for greater growth and development in the future. Let me elaborate.

### **Raising Professionalism**

10 First, to stay competitive, the industry must continue to focus on quality, and persist in its drive to raise its level of professionalism. In this regard, BCA has been working with the industry on two specific initiatives. One is the licensing of builders and the second is the continual training and nurturing of a core of manpower in the industry.

11 Licensing of Builders. Our construction firms have to excel by setting and maintaining high professional standards. The level of professionalism forms the bedrock of the industry. BCA will be implementing the Builders Licensing Scheme in the middle of next year. This will ensure that our firms will continue to be led and managed by competent and qualified people.

12 Continual manpower development. At the same time, we should place greater emphasis on manpower development. Skilled and productive manpower is the backbone of the construction industry. Without competent and skilled people anchoring the professions and trades, it will not be possible to realise our vision of a quality and world-class built environment for Singapore. However, human resource development does not happen by chance and will not reap results

overnight. We must recognise its longer-term benefits and embark on it sooner rather than later.

13 Nurturing a Core of Skilled Tradesmen. As part of the effort to increase the professionalism of the construction workforce, BCA will be implementing the Construction Registration of Tradesmen Scheme, or CORETRADE next year. CORETRADE serves to anchor the construction workforce with a core group of skilled tradesmen and supervisors. Today, the industry is heavily reliant on foreign workers, and the transient nature of such labour makes it difficult to uplift or even retain the skills base. Yet, contractors tell me that crane operators are in short supply even with attractive pay of several thousands of dollars a month. With CORETRADE, I hope that our construction industry will become more attractive to more local skilled workers.

14 The industry must take every opportunity to ensure that its workforce regularly upgrades its knowledge and competencies, and maintain relevance. In this respect, SCAL, as the professional association for builders, has an important role in encouraging and facilitating the continual professional development and upgrading of the manpower of its members. All these efforts will ensure that our industry will stand in good stead for even greater growth in the future.

### **Sustainable Development of the Built Environment**

15 Second, we must pursue our goal of sustainable development to stay relevant. Global awareness and concern over climate change and quality of life in growing cities will continue to be relevant, even as the world grapples with the economic crisis. We have to stay the course of developing Singapore into a distinctive, environmentally sustainable global city. Our builders must constantly challenge themselves to come up with innovative construction methods that will enable our city to grow, without compromising our quality of life and adversely harming the environment.

16 Green and Considerate Builders Scheme. In line with this, BCA will soon launch the “Green and Considerate Builders Scheme”. Under this voluntary scheme, builders will be recognised for their efforts in adopting environmentally friendly construction methods. The scheme also encourages builders to be mindful of the impact of building works on the community, and to adopt “Considerate” and “Neighbour-friendly” work practices. This is increasingly important as our built environment becomes denser, and issues such as noise and disruptions from construction works are now of greater concern to the public and community.

### **Conclusion**

17 The construction industry is an important cornerstone of our national development. It has delivered the world-class built environment that we enjoy today. While we face economic uncertainty and challenges ahead, the industry must continue to stay relevant and remain sustainable. It must ready itself for the

future opportunities by building capabilities and competencies through continuous improvement today.

18 I hope all SCAL members will work together to transform the industry into a professional and innovative one, that is capable of delivering a world-class built environment and our vision for Singapore as a distinctive global city now and as well as into the future.

19 Thank you.