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Subject: (EMBARGOED) Speech by Mr Mah Bow Tan, 15 May 2000, 7.30 pm

Singapore Government

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**SPEECH BY MR MAH BOW TAN, MINISTER FOR NATIONAL
DEVELOPMENT, AT THE BCA AWARDS CEREMONY 2000 ON
MONDAY, 15 MAY 2000 AT 7.30 PM AT THE SINGAPORE
INTERNATIONAL CONVENTION & EXHIBITION CENTRE, LEVEL 2
BALLROOM**

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Prof Chen Charng Ning,
Chairman BCA;

Distinguished Guests;

Ladies & Gentlemen:

INTRODUCTION

1. The Singapore economy has recovered from the economic crisis with a GDP growth of 5.4% last year. However, the construction sector has remained weak as it generally lags behind the other sectors of the economy by 1-2 years. From a growth of 4.4% in 1998, it contracted by 12% in 1999 year-on-year.

This year, with the positive outlook on the Singapore economy, the recovery of property prices, and the generally optimistic business sentiments, we can expect the construction demand to pick up.

2. However, for long-term health, the construction industry must strive relentlessly to achieve the goals of Construction 21 (C21).

This evening, I would like to highlight two key areas in our C21 effort that would have a significant impact on the construction sector's efficiency. These are the legislation on buildable design and the use of IT in the construction sector. I would also like to share with you the financial assistance schemes that the Government has put in place to support the industry in these two areas.

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TWO KEY AREAS IN C21 BLUEPRINT

Buildable Design

3. As you are aware, the legislation on buildable design will be effected next January to raise construction labour productivity. The target is to cut back our reliance on foreign workers by 50% by 2010, or earlier if we can.

I have been urging our building professionals to gear up for this legislation with the help of BCA's training and promotion programmes. In addition, I would like

to encourage our designers and builders to switch to advanced and innovative construction technologies and materials. Together with buildable designs, this will lead to quantum improvements in construction labour productivity.

Use of IT

4. The other key C21 initiative is the greater use of IT by the construction industry. Like many other business sectors, the construction industry must re-invent itself for the new economy. I am happy to note the progress in this area. In the public sector, plan submissions and search for all construction-related information from different authorities can be done electronically from anywhere and at any time of the day, by next year. In addition, 2 automatic checking systems – namely, the Integrated Building Plan Checking System and the Integrated Building Services Checking System -- will be ready by 2003.

5. At the same time, I am encouraged to note the enthusiasm of major industry players in gearing up for the Internet era. In the last few months alone, several construction and real estate portals have been set up on the Internet for e-commerce. The various professional associations are also joining in. The Singapore Institute of Architects (SIA) has started a dot.com company to provide Computer-Aided Design and IT services to its members. Similarly, SCAL is championing the setting up of a buyers-driven portal for e-procurement. It is committing its top 20 contractors and 400 of their suppliers to kick-start this effort. There is also the Project Website, an initiative involving 13 of Singapore's top developers. Together with some 130 consultants, contractors and suppliers, the developers will make use of the Internet to manage construction projects on-line. These initiatives indicate the construction sector's determination not to be left behind in the new economy.

FINANCIAL INCENTIVES: \$50M BOOST FOR PRODUCTIVITY AND INNOVATION

6. The Government, on its part, will continue to provide support and incentives to help the industry prepare for the legislation on buildable design and the challenges of the Internet era. I am pleased to announce this evening that over the next 2 years, a total of \$50 million have been set aside to boost productivity and innovation in the construction sector.

R&D Budget

7. This will comprise, first, a \$10 million budget provided by the National Science and Technology Board to accelerate the pace of innovation and R&D. To be managed by BCA, the fund will be used for R&D projects initiated by BCA and other public sector agencies in the next 2 years. The R&D will focus on strategic areas such as buildability technology and construction IT.

Budget for Financial Incentive Schemes

8. The remaining \$40 million will be made available over the next 2 years under various existing incentive schemes administered by BCA and the Productivity and Standards Board. The PSB scheme, known as the Industry Productivity Fund (IPF) seeks to encourage companies within a particular industry to collaborate on projects that will lead to significant improvements in productivity and competitiveness.

9. The BCA incentive schemes comprise the Investment Allowance

Scheme (IAS), Innovation Development Scheme (IDS), Local Enterprise Technical Assistance Scheme (LETAS) and Initiatives in New Technologies (INTECH.) BCA has modified three of them to boost the construction industry's C21 efforts.

10. For example, from Jun 2000, under the Investment Allowance Scheme (IAS), companies can apply to deduct up to 50 % of the cost of selected equipment from taxable profit. BCA has expanded the list of equipment eligible for IAS to include those used for precasting and steel prefabrication as well as IT hardware and software for CORENET applications. The Local Enterprise Technical Assistance Scheme (LETAS) supports companies seeking management and technical consultancy. So far, it has been used mainly to help companies implement ISO 9000 quality management systems. The scope of LETAS is now extended to include automation, industrial engineering (for the prefab industry), IT and technology sourcing.

ENCOURAGING START

11. This enhanced package of financial assistance schemes has got off to a good start. For example, \$4 million has already been approved under the Industry Productivity Fund (IPF) to support 2 projects, which will involve more than 150 companies. The first project is Project Website, which I have mentioned earlier.

It will provide a platform for developers, consultants, contractors and suppliers to exchange and share information for collaborative design and management throughout a project's life-cycle. This new approach will be used in a pilot scheme involving 25 building projects, such as the Golden Hill and Palm Grove

condominiums and the Sengkang HDB Design & Build project.

12. The other project is a joint effort by an IT company and 10 contractors to develop a Web-based system to track, analyse and improve manpower productivity at construction worksites. If successfully implemented, the system will eventually enable BCA to monitor, on-line, the productivity performances of all major construction projects in Singapore.

13. I urge the construction industry to make full use of the various financial assistance schemes to upgrade itself. BCA is holding a seminar this week to brief you on its plans for the development of innovation and research in the construction sector and on the latest changes to the various support and incentive schemes.

C21 BEST PRACTICES AWARDS

14. To further encourage companies to innovate and re-engineer their processes, I am pleased to announce the introduction of the C21 Best Practices Awards from next year. This is to give recognition to companies who adopt systems and processes that are exemplary and the best in their class.

CONCLUDING REMARKS

15. I congratulate all the winners of the BCA Awards for Construction Excellence and Best Buildable Designs, as well as the recipients of the various BCA certificates for quality, environmental and safety management systems. Well done for doing your companies and industry proud.

Thank you.

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