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**SPEECH BY MR YATIMAN YUSOF, PARLIAMENTARY SECRETARY
(FOREIGN AFFAIRS), AT THE SINGAPORE ELECTRICAL
CONTRACTORS' ASSOCIATION'S 10TH ANNIVERSARY CUM
ANNUAL DINNER AND DANCE AT THE WESTIN PLAZA HOTEL
ON SATURDAY, 15 NOVEMBER 1986 AT 8 PM**

I would like to thank the Chairman, Mr Milton Tan, and the committee members for inviting me to this function tonight. My wife and I wish to apologise for not being able to be present together. While I am speaking here, she must be enjoying her dinner in the other function room of this hotel together with her school staff.

As we gather here tonight to celebrate the 10th anniversary dinner and dance, it is useful for us to review our past performance and see what lies ahead of us.

In the message to the Association's year book for 1984/85, the Chairman wrote, and I quote: "In line with the downturn of our economy, the electrical contracting business is becoming extremely competitive. New large contracts are almost non-existent... Many contractors are competing for projects without taking into account their overheads and other costs. This can only spell for disaster in the long run."

What he had said was not only true last year but also this year judging by the recently published third quarter Economic Survey of Singapore.

That there will not be an immediate change to the slow recovery for the building sector, to which the electrical contracting business is closely connected, is something that we have to accept.

Compared to the manufacturing sector which grew by 11.9 per cent, or the communications sector which went up by 11.3 per cent, or even the commercial sector which registered a slight pick-up of 1.3 per cent, the construction activities remained disturbingly negative. This sector suffered a decline by 28.1 per cent.

There seems to be no immediate prospect for quick recovery for this sector. While performance for the public sector construction remained on similar level to that of last year, private construction activities fell sharply by 54.3 per cent.

In this respect, contractors - big and small - will continue facing difficult time ahead. While the bigger ones are able to survive on smaller profit margins through the economy of scale and by muzzling the market, the smaller contractors are facing a most difficult task of continuing their existence.

With the market contracting, and the immediate future provides extremely limited avenue for expansion, if any at all, there is a real need to review our position and to strengthen our chances of overcoming the difficult time.

The Singapore Electrical Contractors' Association is not an entirely loose organisation which prevents its members from organising themselves into a unified, strong, and organic body to overcome this difficult period. I am referring to a special need to draw our strength by pulling our resources together. This can be done by setting up some kind of holding company consisting of members from this Association.

Such organisation would be able to provide the necessary capital, organisational and manpower resources on a larger scale to compete against the bigger contractors. Secondly, it could also undertake research to keep itself abreast with the latest electrical technology which will become essential in the ultra-modern buildings of the future. Perhaps this could be achieved through close cooperation with the Construction Industry Development Board and other organisations with similar endeavours.

At the moment, I am glad to hear that the Association has been actively involved in helping its members to upgrade the quality, teamwork and to train their staff to improve their technical competence and knowledge. This, together with new relevant approaches to upgrade its capacity, would place the Singapore Electrical Contractors' Association to new height of competency.

It is true that during the hectic period of rapid development, characterised by fast increase in building activities, every member of the Association has to compete by capturing the expanding market shares. During such fast and furious tempo, securing as many contracts as possible was the logical way of securing the future.

However, with the building activity in the republic slowing down, it is high time that we pause to consolidate our strength and improve our quality and productivity. This is important if we are to retain our capability to face the new challenge and to prepare ourself for a quantum leap when conditions change to the better.

Another area worth looking into is the need to expand our involvement in the regional and international arenas. I believe that the Association has started to make its first step towards this direction.

The existing linkage with outside organisations such as the Asean Federation of Electrical Engineering Contractors and the Federation of Asian and Pacific Electrical Contractors Associations provide the Singapore Electrical Contractors' Association with the initial contact which can be expanded for our benefit.

There is a real need to increase the momentum towards this direction. Our limited home market and the potential that we had developed had placed our contractors in a better position to compete with other contractors in the international markets.

Governments in this region overcome the recession in varied manner. Some had decided to curtail their developmental projects but others may use recession and declining construction cost to activate projects for the public sector as a way to stimulate the economy.

In this respect, the Singapore Electrical Contractors' Association should take the opportunity of exploring the possibility for joint ventures in other countries. Through aggressive marketing drive and new strategies of exploring new market potentials, we may be able to turn the gloomy future into something more promising.

Lessons drawn from other countries showed that regional and international expansions could provide local companies with "multiple float", so to speak, during difficult time. We should not confine our activities to the shrinking or stagnant local market. Doing so would mean engaging ourselves in excessive undercutting exercise which may be injurious to the industry.

Furthermore, smaller contractors may lose out in the process. If this happens, our overall future capability may be reduced. So, let us move ahead and secure the market. It may be difficult initially. However, when conditions become better, we are already one step ahead and widening our market shares will be much easier than starting a belated "market rush". We may get "trampled" in the "stampede".

With that note, I wish to thank the organising committee again for putting this splendid show and pray that the years ahead would be a better one for us.
