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SPEECH BY MR HON SUI SEN, MINISTER FOR FINANCE, AT THE
15TH ANNIVERSARY DINNER OF THE UNION OF KEPPEL SHIPYARD
EMPLOYEES OF SINGAPORE AT 325 TELOK BLANGAH ROAD
ON SUNDAY, 29 MAY 1983 AT 7.30 PM

I want to thank you for inviting me to join you this evening to celebrate the 15th anniversary of the Union of Keppel Shipyard Employees of Singapore. As Keppel's first Chairman and subsequently as Minister in charge of Government enterprises, I have all along been associated with Keppel and its more important developments and events. I am therefore pleased to be present at the completion of yet another chapter in the annals of Keppel Shipyard. May I, first of all, congratulate you, Mr President, and your colleagues on the Central Council for the excellent manner in which all of you have guided the Union through the last 15 years and the way in which you have developed the younger members of your Union to play an active role in its management and running. That Keppel has today grown into a stable and leading ship repair enterprise in the region is due in no small measure to your efforts and to the close and harmonious relationship you have always sought to maintain between the Management and the Union.

During much of these last 15 years, the ship repair market has fortunately been buoyant, and business in Singapore's ship repair industry has been brisk. Keppel Shipyard and the Union have therefore shared in the industry's prosperity.

The market today, however, is in the midst of a severe depression. The current mood in the marine industry is in stark contrast to that prevailing in the boom years of

1980 and 1981. The world shipping industry is now deeply set in recession, with more than 90 million deadweight tons of shipping being laid up. This has badly affected the local ship repair industry. Ship repair yards are now engaged in the most intense competition ever experienced as a result of a significantly reduced volume of business. Profit margins are now extremely slim, and losses incurred are not uncommon. Many yards are unable to find sufficient work for all their workers.

There is no doubt that the industry is currently facing one of its strongest challenges since its rapid growth from the mid-60's. Indeed, the future course of development and viability of the ship repair industry will significantly depend on how well it meets these challenges.

Some companies have reacted rather hastily to the general economic recession by retrenching their employees. In so doing, they are forgetting the problems they encountered during their peak years. Then, they complained of problems of acute labour shortage and job-hopping. They called for loyalty towards their companies. Some even talked of emulating the Japanese in their practice of "life-long" employment.

As a remedy to present troubles, I would suggest that retrenchment should be used only as a last resort. Especially in the ship repair industry, where the quality of its people is its greatest asset, shipyards should seek other more effective methods of meeting the serious challenges currently confronting the industry. Management and union must work closely together to see how best their shipyards can tackle the problems arising from recession more effectively.

As a first step, perhaps both management and union should lower their expectations. Management should expect lower profits, and workers, lower wage increments during

this difficult time. In this way, perhaps, shipyards can dispense with the need for laying off workers if everyone will share the burden of less business and profits. Every effort must also be made to cut costs and reduce wastage. Management and the union must co-operate by looking into ways of improving work attitudes and labour productivity in the yards. Employees should accept job enlargement voluntarily or whenever called upon to do so. In other words, much sacrifice is needed from everyone if the shipyards are to continue to compete effectively and survive in the current depressed market.

Indeed, the establishment of a lasting harmonious management-union relationship is vital to the future growth of Singapore's ship repair industry. There is no doubt that the industry is now at a crossroads in its development. Besides coping with the current problems and difficulties, the industry is confronted with the prospect of having to adjust to a generally more competitive climate in the long term. Even when the ship repair market recovers, it may be some years before the world ship repair industry will enjoy the same volume and growth of business as it had in our best years. Management and unions must therefore learn to turn their harmonious relationship into a permanent source of strength for the industry so as to enable it to continue to compete successfully and stay viable in the future.

Keppel Shipyard has been a pillar of Singapore's ship repair industry. The Company has an excellent track record of industrial relations and has so far succeeded in riding the current rough business climate. It is not only keeping its workforce gainfully occupied with what jobs it can secure and with in-house projects, but also, the Company is making use of this period of relative slackness to provide further training to its employees. I am confident, Mr President, that with the excellent rapport between your Union and the Management, you will give these measures your

full support and will help to carry the Company successfully through this difficult period and in the years ahead.

May I, however, at this Anniversary Dinner formally wish you and your Union continued success in your current endeavour and in the years ahead. And may I express the hope, Mr President, that however able the coming younger Union leadership may be, you, yourself, will be with the Union for many more happy anniversaries.

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