

Singapore Government

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SPEECH BY MR BERNARD CHEN, MINISTER OF STATE FOR DEFENCE,
AT THE ELEVENTH ANNUAL DELEGATES' CONFERENCE OF THE UNION
OF KEPPEL SHIPYARD EMPLOYEES OF SINGAPORE AT THE NIUC AUDITORIUM
ON THURSDAY, 30 AUGUST 1979 AT 10.15 AM

On behalf of the Union of Keppel Shipyard Employees, I would like to welcome you to this 11th Annual Delegates Conference. 1978 has been an eventful year for the Union as it marked the end of a decade of activities. Several major projects have also been completed on schedule since we last met at the Triennial Delegates Conference in October, last year. The new Union House, opened in last November, is now in full operation, providing office, conference and recreational facilities for members. A group insurance scheme funded by the Management has also been introduced with effect from January, this year. The scheme gives additional coverage to those members who die or are permanently disabled in their service with the company. The consumer co-operatives at both Telok Blangah and Radin Mas as well as the canteens at the Tuas and Gul Yards recorded a satisfactory year of business. This is a fine effort by our union members who have ventured successfully into business themselves. The usual events such as family outings at the Big Splash and the Mammoth Annual Dinner all drew enthusiastic response. All in all, therefore, the Union has had a good and gratifying year. The Union Council members are to be congratulated for their fine efforts.

However, the spectre of gloom in the shipbuilding industry continues to haunt us all in the industry. Even though shiprepairing activities have remained buoyant, the margin of profit has been reduced substantially. As we struggle to keep our heads above water in the coming years, we are confronted with yet other economic problems which are going to affect our daily lives much more severely than before. The primary cause of these economic upsets is oil, in terms of both supply and prices. You may well wonder why there is so much fuss about oil, especially when Singapore is

the third largest refining centre in the world. If we were to analyse the oil problem in greater detail, we will discover that practically everything that we do is in one way or another related to oil.

Let us take the major sectors which make up our Gross Domestic Product, an indication of our capacity to produce. The manufacturing, utilities, construction, trade, transport and communication sectors which together account for 75 per cent of total GDP are all dependent on adequate supply of oil at reasonable prices. Manufacturing industries need fuel and raw materials which are oil-based for their processes. Their products have to be exported via sea, land and air - all modes requiring substantial fuel whether it is petrol, bunker fuel or aviation jet fuel. Our electricity generation is completely dependent on oil. Electricity supplies are lifelines to all our industrial, trade and business activities. Our domestic lives will be completely immobilised without them. Construction activities are similarly affected as building materials are heavily oil-energy based. For example, 40 per cent of the cost of cement is in energy. The percentage of energy requirement in steel is even higher. Our daily necessities, down to the clothes we wear and all types of transport we take are inextricably bound to oil.

Thus, when the OPEC countries had increased oil prices by some six times since October 73 which started the first substantial oil price increase and 60 per cent in just this year alone, we find in its wake a whole series of price increases ranging from increases in electricity costs to bus fares and taxi fares and increases in other products which source their raw materials from petroleum. Even food grains are becoming more expensive because of increases in cost of fertilisers and transportation which once again are oil-based. We, therefore, find ourselves confronted with across-the-board increases in prices which we may not be psychologically geared to accept all at one go.

In the midst of these increases and economic uncertainties, we have taken the necessary plunge to restructure our economy by upgrading the skills ^{and} technological sophistication of our industries which necessitate more judicious use of our scarce labour resources. To optimise the use of labour, we have

implemented a high /3.

implemented a high wage policy to disgorge workers from those industries which are using labour ineffectively to the higher skilled industries which can still maintain their unit cost of production low despite higher labour cost. This labour re-allocation will take several years. .

However, the high wage increases recommended by the National Wages Council this year, occurring in the midst of various price increases have given the impression that they are meant to absorb the inflationary pressures generated by these price increases. The danger, however, is that we may lose sight of the two primary economic policies that we are implementing in the coming years. First, is the economic restructuring policy which has generated the need for a high wage policy. Second, is the need to conserve energy of all forms in order to reduce and at the same time to make better use of our requirements of oil. Increasing wages and therefore income to absorb price increases caused by oil is necessary but not sufficient to completely deal with the problem. In the long term, judicious use of energy and minimising wastes of all kinds is the only answer. As the society becomes more affluent with better standard of living, the temptation to waste becomes greater as there appears to be ^{an} abundance of everything. We must resist this temptation and make conscientious efforts to conserve. The same principle must apply regardless of whether we are in the industries, trading businesses or as plain consumers. With the uncertainties in both the supply and price of oil facing us in the foreseeable future, we must avoid getting ourselves trapped into a position analogous to the Chinese saying "Digging a well when one is thirsty". If we can discipline ourselves to optimise the use of energy and develop the means to pay for whatever requirements we have, we would be much better placed to survive the onslaught should another oil crisis descend upon us.

It remains for me to thank the members of the Union's Central Council in steering the Union through yet another year of achievement. May I urge you all to continue to give your full support to your Council in its work and give it every co-operation that it needs to carry the Union safely through the coming year.