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**SPEECH BY DR RICHARD HU,
MINISTER FOR FINANCE OF THE REPUBLIC OF SINGAPORE,
AT THE WORLD INFRASTRUCTURE FORUM, JAKARTA,
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First let me say how pleased I am to be here today. The presence of so many distinguished participants from both the private and public sectors augurs well for a longlasting and fruitful partnership between the public and private sectors to raise the living standards of our peoples.

For those of you not familiar with Singapore, let me give you a brief introduction. Singapore is physically the smallest of the six nations of the Association of Southeast Asian Nations (ASEAN). An hour-and-a-half away by air from Jakarta, it comprises one main island, surrounded by some 60 smaller ones. The main island is 42 kilometres from east to west and 23 kilometres from north to south. The total land area including the smaller islands is 641 square kilometres. It houses a resident population of nearly three million. By the standards of most countries, Singapore is a small place, and its long term infrastructural development needs therefore relatively modest. But we have over the years developed strengths and capabilities which we would like to share in achieving our collective goal of laying down the infrastructure for growth in this most dynamic of regions.

What I propose to do this afternoon is to give you a thumbnail sketch of Singapore's infrastructural development plans over the next decade or so, the scope for private sector involvement, and how I think Singapore can play a useful role in the development of the region.

INFRASTRUCTURAL DEVELOPMENT IN SINGAPORE

Infrastructural development in Singapore is driven principally by the Government and autonomous public sector agencies which we call statutory boards. Together, they account for fifty to sixty per cent of the total value of all construction works in Singapore. Between 1990 and 1992, the public sector's share of construction activities averaged some S\$8 billion per annum^{1/}.

The importance of infrastructure as a basis for sustained economic growth cannot be overstated. As a matter of policy therefore the Government invests heavily in public infrastructure. This includes not only roads, mass transport systems, sewerage systems, drainage infrastructure and waste management facilities but also affordable public housing for 87 per cent of the population as well as extensive education and healthcare facilities. On the other hand, infrastructural development for non-subsidised services such as telecommunications, electricity, water, seaport and airport facilities is undertaken by self-financed statutory boards.

I will now touch on the overall physical development plan for Singapore before going into specific infrastructural projects in greater detail.

PHYSICAL DEVELOPMENT PLAN OF SINGAPORE

Singapore's physical development is guided by what is known as the Concept Plan. The Concept Plan is prepared and maintained by the Urban Redevelopment Authority, the national land use planning authority. It is a public document, so the private sector and the public are fully informed of long and medium term development plans to assist them in their business and planning decisions.

^{1/} All monetary figures are in Singapore dollars. The exchange rate between the US and Singapore dollar is approximately US\$1 = S\$1.50.

The Concept Plan was first drawn up some 25 years ago. It has since been updated to take account of changes in population level and distribution. In the long term, Singapore expects to be able to sustain a population of four million. The Concept Plan therefore gives us a development vision for three time periods - up to the Year 2000, to Year 2010 and to Year X, which is defined as that time in the future when Singapore's population will reach four million.

The Concept Plan sees Singapore divided into five regions in the long term. In addition to the Central Region, there are four outer regions, namely the East, North, North-East and West. Each will feature a regional centre, fanning out to sub-regional centres and then fringe centres. Each region is expected to serve the needs of some 800,000 people.

Each regional centre is envisaged to provide some 1.5 million square metres of commercial floor space for offices, retail shops, restaurants, hotels and entertainment. Sub-regional centres will be about a third the size of the regional centres. Fringe centres will be even smaller at about 200,000 square metres.

Development of the regional centres in the East and the West has begun. Within the next five years, development of the North regional centre will begin. The northern regional centre will only be developed after Year 2000. All regional centres will be well served by public transport including the rail based Mass Rapid Transit system.

By Year 2010, all four regional centres should be substantially developed. In the Central Area, a new downtown around Marina Bay will also emerge.

I have only given you a brief outline of the Concept Plan. If you need more details, please contact the Urban Redevelopment Authority in Singapore.

INFRASTRUCTURE DEVELOPMENT PLANS IN THE NEXT 10 - 15 YEARS

Let me now give you a flavour of our infrastructural development plans over the next 10 to 15 years.

Building Projects

Building projects are expected to take up the lion's share of public sector development expenditure. Most of this will go into the provision of public housing by the Housing and Development Board or HDB for short. HDB's building programme from now till the Year 2000 calls for some 27,000 to 30,000 new flats a year. Besides the construction of new flats, HDB has also embarked on a massive upgrading programme costing between \$600 million to \$1 billion a year to improve the interior and environment of existing public housing flats. Some 30,000 flats will be upgraded each year under this programme which is expected to stretch over 15 to 20 years.

Several major Government building projects will take off in the next five years. These include an integrated Customs, Immigration and Quarantine facility for the second crossing to peninsular Malaysia.

As part of our efforts to upgrade the quality of life of Singaporeans and to develop Singapore as a regional hub for the enjoyment of the arts, a world-class performing arts centre will be built in phases over the next fifteen years. The design of this arts centre is now being finalised.

Under a massive relocation project, the horse racing facilities of Singapore's one and only Turf Club will be re-located to a suburban site. When completed in 1997, the project will release 135 hectares of land for prime residential development.

Transport

Government expenditure on road building and expansion

amounts to more than \$200 million a year. It is likely to continue at this rate in the foreseeable future. Major projects coming on stream over the next five years include the Kallang Expressway and the Paya Lebar Expressway. The Government is also seriously evaluating the feasibility of an underground road network system to ease traffic flows in the city area.

Singapore's rail based mass rapid transit system, the Mass Rapid Transit (MRT), has been in operation for about seven years. An extension to Woodlands in the north costing \$1.3 billion is currently under construction and will be completed by 1996. Further extensions of the MRT to serve the North-East region and to Changi Airport are being studied. The feasibility of introducing light rail transit systems to link major urban centres is also being studied.

The body responsible for the provision of port services is the Port of Singapore Authority or PSA. To increase handling capacity, PSA embarked on a mega project last year to build a new container terminal. The container terminal will be built in phases over 30 years. The first phase costing more than \$2 billion for the construction of eight main container berths is underway and is expected to be completed by the Year 2000. The reclamation for the second phase comprising 18 container berths will begin next year. This phase is expected to be completed by the Year 2009.

To handle projected increases in air traffic, the Civil Aviation Authority of Singapore is planning the development of a third passenger terminal. This project is expected to take off within the next five years, as will other major projects like the construction of a sixth airfreight terminal and an additional cargo agents building.

Waste water and Refuse

We will embark on several major sewerage projects within the next five years. These include projects to cover up existing

sewage treatment works to contain odour emission, and the development of an offshore landfill facility for refuse disposal. Incineration capacity will also be increased with a fourth refuse incineration plant within the next five to eight years.

Reclamation

As I said earlier, Singapore is a small island, measuring about 641 square kilometres. By the time our population reaches four million, we expect Singapore to have increased its land mass by 14 per cent to 730 square kilometres.

In the near future, reclamation works will be carried out around Pulau Tekong and Pulau Ubin, two islands in the north-east. They will be joined by a bridge and developed for leisure and recreation purposes in the near term.

Another major reclamation project in the pipeline is the amalgamation of several islands in the south west of Singapore to form a single island, to be called Jurong Island. Jurong Island will provide new land for heavy industries. The project will be implemented in six stages over the next 25 years. Stage one has just started and is expected to be completed by 1999.

Power

Rising demand for electricity will be met by a new power station at Tuas. It will be the largest in Singapore when completed, with a generating capacity of 4,800 megawatts. This power station will be constructed over the next 10 years in four stages. The first stage is scheduled to commence next year with the first generating unit targeted for completion in early 1999. The entire project will cost about \$6.5 billion, with each stage costing around \$1.3 to \$2 billion.

Telecommunications

Substantial investments in telecommunications are

expected over the next few years. In keeping with Government's policy to reduce the monopolistic position of Singapore Telecom over time, private operators will be encouraged to provide value added services like paging and mobile telecommunications. A recent tender for three additional paging networks and a second mobile telephone network attracted more than a dozen applicants.

PRIVATE SECTOR PARTICIPATION

Private sector participation in public infrastructure development in Singapore is substantial. All construction work in public sector infrastructure projects is contracted out to the private sector.

Traditionally, most of the design work involved in infrastructure projects has been handled by public sector architects and engineers with only the construction work being undertaken by private sector contractors. Increasingly, however, the design work is also being put out to tender to introduce variety in design and speed up development. This is achieved through tendering on a design-and-build basis. Examples of public sector projects successfully implemented on a design-and-build basis include the Mass Rapid Transit System, flyovers, incineration plants and some public housing flats.

Statutory boards also welcome private sector participation in their infrastructure projects. For example, the Sentosa Development Corporation tenders out land on Sentosa, which is a small resort island to the south of Singapore, for theme park, hotel and other developments on a build-own-operate basis. The airport authority provides land and basic infrastructure for the private sector to develop and run infrastructural facilities like airfreight terminals, aviation fuel storage facilities, maintenance hangars and inflight catering centres.

I hope I have convinced you that there are numerous opportunities for private sector participation in realising the

development plans of Singapore. On that note, let me turn briefly to the procedures and rules for such participation.

OPERATIONAL RULES & GOVERNMENT SERVICES TO FACILITATE PRIVATE SECTOR INVOLVEMENT

Under Singapore law, architects and engineers have to be registered with their respective professional bodies before they can practise and provide consultancy services to Singapore clients. The Board of Architects and Professional Engineers Board serve to accredit suitably qualified professionals, and regulate their conduct to maintain a high level of professional expertise and ethics so as to safeguard public interest.

Construction tenders for public sector projects are open only to firms registered with the Construction Industry Development Board. The Board is the accreditation body for construction firms and grades them according to technical abilities, financial resources and track record. Both local and foreign firms can register with the Board, and the same criteria for registration and performance assessment are applied. As at August this year, there were nearly 4,000 local and foreign firms registered with the Board.

Besides accreditation, the Construction Industry Development Board (CIDB) also provides a comprehensive range of training programmes for construction personnel, covering general workers, tradesmen, supervisors and managers. Over the years, the Board has helped private sector contractors raise their quality and efficiency through these programmes.

GOVERNMENT TENDERING SYSTEM

The Singapore Government operates an open and transparent procurement system. Invitation to tender for public sector projects is advertised in the local press. Where the expertise of foreign firms is sought, tender advertisements are also placed in the foreign press, or brought to the notice of foreign

embassies in Singapore for them to channel the invitation to suitable firms in their own countries.

For large and complex projects, a two-step tendering process is often adopted. In the first stage an open tender is conducted to pre-qualify contractors with relevant expertise. In the second stage, the pre-qualified contractors are invited to submit bids which form the basis for awarding the contract.

Private sector consultants can also be invited to bid for public sector infrastructure projects through design competitions. Consultants selected through this process are paid fees using an approved scale of fees.

To encourage construction contractors to upgrade, a preferential margin is given to contractors with track records for good quality work. Under the scheme, a contractor can be given a tendering advantage of up to five per cent based on the quality of his work. This preferential margin scheme only applies to building and civil engineering projects worth more than \$3 million.

As a further incentive to raise construction standards, contractors able to undertake public projects of \$10 million and above are given a premium of up to 0.5 per cent in public sector projects if they have the ISO 9000 certification. This incentive is only for four years from July 1995. After June 1999 all construction firms tendering for government projects of more than \$10 million will have to be certified under ISO 9000.

PRIVATISATION PLAN

The Singapore Government's privatisation plans are underpinned by the Government's desire to make Singaporeans a share owning society and by the belief that the private sector should be the engine of growth. The Government will therefore continue to identify suitable statutory boards and Government-owned companies for privatisation and float them on the stock

exchange.

The flotation of Singapore Telecom (ST) in November last year is illustrative. The public offering of ST shares was by far the largest in Singapore's corporate history. The float increased the number of share owners in Singapore five times from 250,000 to 1.4 million.

The next candidate for privatisation is the Public Utilities Board where the Electricity and Gas Departments will be privatised. This is expected in about two years time.

Let me now move on to how Singapore can help accelerate infrastructural development in the region.

SINGAPORE AS A CENTRE FOR FINANCIAL SERVICES

The extensive international linkages of the Singapore financial sector places it in a good position to help accelerate the pace of infrastructural development in the region. The presence of over 200 international banks in Singapore offers regional institutions a highly competitive and knowledgeable centre to tap advice and raise funds for infrastructure development. With their good access to international capital markets, banks in Singapore can help regional institutions to raise funds at low financing costs. The significance of the Singapore financial sector's role in mobilising funds is reflected in the size of its Asian Dollar Market, which has total assets of above US\$420 billion presently. The Asian Dollar Market provides a wide range of types of credit facilities, including long-term financing through bond issues. Last year, a total of US\$3.5 billion of bonds were issued in the market by mainly foreign borrowers. Regional institutions can also easily obtain syndicated credit facilities to meet large financing needs. In 1993, a total of US\$9.2 billion of syndicated loans were lead-managed by financial institutions in Singapore for regional borrowers.

In addition to the Asian Dollar Market, regional institutions can also raise long-term funds through the Singapore capital market. The Stock Exchange of Singapore (SES) welcomes reputable regional companies to list their shares on the Exchange. Already, a growing number of foreign companies both regional and international have listed their shares on SES. We would like to encourage this trend further, as it would increase our financial ties in addition to the rapidly growing economic linkages among Asian countries.

Asia is a highly vibrant and dynamic region. It will be the premier growth centre in the global economy for the foreseeable future. The liberalisation of financial markets in Asia is an important development that will significantly enhance the region's growth prospects. We can expect, and should indeed facilitate, an increase in linkages among regional financial markets to provide for more efficient mobilisation of funds for the region's economic development. The Singapore financial sector can provide its experience to regional financial markets in building their international linkages. The demand for financial services in the region is growing so rapidly that there is room for growth for all.

REGIONAL INFRASTRUCTURE DEVELOPMENT

Leveraging on the strengths of individual players in cross-country joint ventures is one significant way in which the pace of regional infrastructure development can be accelerated. Singapore strongly supports the growth triangle concept. We have established one linking Singapore, the Riau Islands in Indonesia and the state of Johore in Malaysia. Other growth triangles are also taking off. These include the northern growth triangle linking northern Sumatra, north-west Malaysia and south Thailand. The proliferation of growth triangles corroborates the fact that cross-country collaboration is a major source of competitive advantage in a shrinking world.

Singapore companies, both government-linked and

otherwise, are currently very positive about seeking investment opportunities abroad in South East Asia and beyond, in Vietnam, China, India and elsewhere. As you look around for partners to undertake infrastructure development projects in the region, I would urge you therefore to seriously look to the numerous Singapore companies that have established track records in specific fields and which have the financial resources and the stamina to go regional.

CONCLUSION

The Singapore Government undertakes long term planning in infrastructural development and aims to put in place the infrastructure ahead of demand. We will try to keep the role of the Government small so as to allow maximum participation by the private sector in public sector infrastructural development. We do not discriminate against foreign companies wishing to participate in our infrastructural development. At the same time we encourage our local companies to seek investment opportunities abroad, preferably in collaboration with others. Given the tremendous scope for infrastructural development in the region, we believe Singapore can also play a very useful role by satisfying the attendant need for competitive financing.

Thank you for your kind attention.

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