

SINGAPORE GOVERNMENT PRESS RELEASE

PUBLICITY DIVISION · MINISTRY OF CULTURE · CITY HALL SINGAPORE 6

MC/DEC/13/77(Labour)

National Archives and
Records Centre, Singapore.

SPEECH BY MR. SIA KAH HUI, ACTING MINISTER FOR LABOUR, AT
THE OFFICIAL OPENING OF THE SEMINAR ON PRODUCTIVITY
ORGANISED BY THE SINGAPORE ASSOCIATION OF SHIPBUILDERS AND
REPAIRERS (SASAR) ON 9 DECEMBER 77 AT SHANGRI-LA HOTEL AT 9.00 AM.

17 DEC 1977

Acc. No.

NARC

77	0068	78
----	------	----

The shipbuilding and repairing industry has developed into a leading industry in the manufacturing sector. Its average annual growth, in terms of revenue, for the period between 1970 and 1976 was about 33%. To-day the industry is a S\$1.2 billion business employing about 28,000 workers in some 70 yards.

However, the prospects for the industry over the next few years do not look too bright especially for shipbuilding. According to the Lloyd's Register of Shipping, world shipbuilding orders plummeted from 20 million compensated tonnes in 1975 to 13 million in 1976, and are still falling. World-wide overcapacity in shipbuilding, particularly for tankers and carriers, are the major problems facing the industry. Protectionist measures taken by many countries in their efforts to combat the falling demand and increased competition have also aggravated the situation. The international market is therefore unfavourable and one of increasing competition from developed as well as developing countries like South Korea, Taiwan and Hong Kong.

Everyone in the industry realises the prevailing unfavourable world market situation. The fact that the word 'survival' is used in the heading of the seminar is an indication of the awareness of the critical situation by everyone concerned. By getting together to seek ways

and means of strengthening the competitiveness of the industry so that Singapore may continue to be the region's shipbuilding and repairing centre is one of the best ways to deal with the problem. I would like, therefore, to commend the Singapore Association of Shipbuilders and Repairers (SASAR) for organising this two-day seminar.

Our shipyards will need to take a long and hard look at all the possible strategic alternatives open to them. It is crucial that they have the adaptive capacity to meet the challenges ahead. There is a demand for smaller vessels in the region and our shipyards should take advantage of this segment of the market. Flexibility alone may not be sufficient. Other areas for diversification will also have to be examined. I understand one shipyard has in fact diversified into the fabrication of steel and harbour construction projects.

There is also a need for more imaginative and aggressive marketing efforts. The entry made by the South Korean shipbuilders into the West Asian markets is an example to be examined. Our shipyards have to search for new markets and not rely solely on established markets in the industrialised countries. Creative marketing would mean that we have to upgrade our shipbuilding and repairing capability and develop more sophisticated products. Thus, our shipyards would need to have the skills, technology and

sophistication to build not only bread and butter lines such as barges, freighters, tug boats and dredgers but also specialised, multi-purpose or hybrid ships.

Raising productivity, one of the main topics of this Seminar, is of major importance. Our shipyards must be able to provide prompt services or products which are of quality and at competitive prices. Our shipyards have therefore to strive for higher and better output and cut down costs. Management must therefore continue to review and upgrade their technique in planning, controlling and monitoring operations, reducing costs, wastages and downtime and avoiding delays due to job alteration and repetition which disrupt delivery schedule. I am glad to learn that some shipyards had successfully organised "save material campaigns" to underscore the need for cost reduction.

Shipyards workers have a key role to play in all this. They need to upgrade their skills and develop proper work attitudes. The kind of news published in the Straits Times the other day that foreign shipowners have accused some local shipyards of poor workmanship in the construction of barges, tugs, is going to do us a lot of harm. Top and senior management personnel will have to sit up and take a hard look at existing practices. They are the people most capable directly to change the work ethics and influence output of workers. This can best be done by their initiative,

example and leadership. By working closely with workers and trade unions the desired changes in productivity attitudes can come about. Of course the formation of productivity committees is one way by which management can consult and seek the active participation of workers in a concerted effort to increase productivity.

Whilst we pay attention to cost reduction schedules and workmanship, let us also be mindful of the importance of industrial health and safety in the industry. In comparison to other industrial sectors, the shipbuilding and repairing industry still registers the highest number of accidents. In 1976, the total number of accidents recorded was 1,095 including 11 fatal ones. This year, up to end of November, there were 1,054 accidents, 12 of which were fatal. Greater efforts have to be made to reduce the high accident rate. I am glad to note that management of many shipyards have accepted safety management as part and parcel of their managerial functions. With this acceptance, the corner stone is laid for management to proceed to discharge this function of safe-guarding the health and safety of their workers effectively. Management should continue to work closely with the unions to motivate workers to adhere to a strict code of safety and health conduct and to discipline those who pay scant regard for the lives and welfare of themselves and others. The needless death of workers and loss in man-hours as a result of industrial accidents must be curtailed in order to increase productivity.

The shipbuilding and repairing industry is and will continue to be labour intensive. To remain competitive, it is crucial that any increase in wage bills must not outstrip the growth in productivity. There is a need to moderate wage demands and work out schemes to reward deserving workers and penalise those who are not contributing to the collective effort to raise productivity.

Everybody knows the industry is facing bleak prospects in the years ahead. We as a people do not run away from difficulties. I know all concerned will meet the problems head-on and overcome all difficulties and challenges through the concerted efforts of management, labour and Government. In this respect, SASAR has a very important role to play. By pooling the resources and expertise together, SASAR should begin dialogue in earnest to seek a collective front and search for common solutions to the problems facing the industry. We have the advantage of strategic location, political stability, enterprise and a comparatively efficient and disciplined workforce. But we have to work harder to build up a good reputation for good workmanship, prompt delivery and reasonable cost. We may never influence developments in the world economy or in the industry itself, nor change the protectionist measures taken by many countries but we can ensure that, through astute management, sound policies and aggressive marketing, we

will not only brave through the storms ahead but be in a stronger position to take advantage of the recovery when it comes.

I now have great pleasure to declare the Seminar open and wish it every success.