

# Singapore Government **PRESS RELEASE**

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SPEECH BY MR TEH CHEANG WAN, CHAIRMAN OF THE BOARD OF TRUSTEES, NTUC WELCOME CONSUMERS', CO-OPERATIVE LTD, AT THE 1983 STAFF ANNUAL DINNER AT THE GOLDEN PHOENIX RESTAURANT, WORLD TRADE CENTRE ON 1 MARCH '83 AT 7.00 PM

Good evening. It gives me great pleasure to be present for tonight's Staff Annual Dinner.

NTUC Welcome was formed 10 years ago during a period of rampant inflation and profiteering, with the objective of checking the escalation and manipulation of prices of essential food items, like rice and sugar. The Co-operative opened its first supermarket at Toa Payoh in July 1973. Today, it operates a chain of 15 supermarkets and four departmental stores.

Welcome owes much of its success to Mr Baey Lian Peck, who was its Chairman and Chief Executive from 1973 until his retirement in 1982. Welcome is most fortunate to have the benefit of Mr Baey's invaluable contributions over the last nine years. Without his initiative, determination and selfless service, it would not have been possible for Welcome to achieve its objectives as well as it did nor grow as fast as it did.

Credit for Welcome's success is due also to the Board of Directors, the Management and the Staff, all of whom have worked hard during the past 10 years to achieve the Co-operative's objectives. For the year ended 30 Jun 82, total sales increased by 24 per cent compared to the previous year, to reach \$123.9 million. However,

profits dropped from \$1.17 million in 1961 to \$655,000 last year. The reduction was caused mainly by substantial increases in operating expenses, in particular, manpower costs. Expenditure on manpower amounted to \$5.24 million last year, an increase of 29.4 per cent over the previous year. Manpower costs accounted for 45.8 per cent of Welcome's 1962 total operating costs. Staff strength was recently increased to cope with higher sales turnover. With total staff now numbering 950, manpower expenditure, and hence operating costs, will continue to rise in future. To maintain even a small profit, there is no alternative but for both Management and Staff to work even harder to increase productivity and expand sales.

Exactly two months from today, on 1 May 63, Welcome will merge with the Singapore Employees' Co-operative Ltd to form a new enlarged co-operative called "NTUC Fairprice Co-operative Ltd" or Fairprice. The merger is a logical development for both Welcome and SEC. Both co-operatives share the common objective of moderating prices of consumer goods to keep down the costs of living and both are run by trade unions. It is natural for them to merge into a single, enlarged co-operative which is better-equipped to serve the interests of their members as well as consumers in general. Merger means that the resources of the two co-operatives can be pooled together, duplication of functions can be cut down, and better prices can be obtained from suppliers through bulk buying. The benefits of the lower costs and greater operational efficiency can then be passed on to consumers. As a result of the current global recession, spending habits have changed and consumers are more conscious of getting value for their money. The proposed merger is a timely move as the expanded new organisation, Fairprice, will be better-equipped to withstand the effects of recession.

Fairprice will operate 33 supermarkets, two self-service coffee shops, four home appliance showrooms, a printing workshop and a trading division. The combined staff strength is estimated to be 1,600. Welcome staff will not lose out in terms of service or benefits as a result of the merger. However, some redeployment to other duties or places of work will be inevitable.

Staff must realise that the success of Fairprice depends very much on higher productivity and good service. On its part, management will give more attention to staff training by planning and implementing a better co-ordinated staff development programme. A group of consultants is currently working on this. To enhance productivity, management is also looking into computerising operations. For example, a study is being undertaken to introduce more sophisticated cash registers in the supermarkets.

In conclusion, I wish the new enterprise, Fairprice, every success. It is my hope that every member of the staff of WTUC Welcome continues to work for the progress of the new co-operative as they have done in the past for Welcome.

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