

**OPENING SPEECH BY THE PRIME MINISTER OF
MALAYSIA
INTERNATIONAL CONSTRUCTION WEEK 2015
11 SEPTEMBER 2015
PUTRA WORLD TRADE CENTRE, KL**

BUILDING A GREENER FUTURE

Salutations

(Updated VIP Salutations to be provided on event day)

Yang Berhormat Dato' Sri Haji Fadillah bin Yusof

Minister of Works, Malaysia

Yang Berhormat Datuk Rosnah Abdul Rashid Shirlin

Timbalan Menteri Kerja Raya Malaysia

Yang Berbahagia Dato' Sri Zohari bin Haji Akob

Secretary General, Ministry of Works

Yang Berbahagia Tan Sri Ahmad Tajuddin Ali

Chairman of CIDB Malaysia

Yang Berbahagia Dato' Sri Ir Dr Judin Abdul Karim

Chief Executive, CIDB Malaysia

Yang berbahagia Tan Sri Mustapha Babjee, Chairman of UBM
Malaysia.

Your Excellencies Ambassadors and High Commissioners

CEOs and Captains of Industry, members of the media

Distinguished Guests, Ladies and gentlemen

Assalamualaikum wbt, Selamat Sejahtera, Salam 1Malaysia and good morning to all.

INTRODUCTION

1. It is a great pleasure for me to be a part of this year's installation of the International Construction Week 2015. It is a proud moment to see this annual initiative by the Ministry of Works growing year by year, receiving rave response from the local and international construction players alike.

2. Congratulations to the Construction Industry Development Board (CIDB), UBM and all their partners for an outstanding effort in organizing this event, which for the 15th year has yet again become a successful convergence platform for industry players to showcase their products, services and projects, share ingenious ideas, and forge new partnerships.

3. I also would like take this opportunity to welcome our international guests to Malaysia, and to thank them for

participating in ICW 2015. I hope that you benefit tremendously from this event, and are able to foster new collaboration with industry players in Malaysia and around the region.

4. What an enormous honour to stand in front of a group of people who, through the power of their brain and brawn, they have materialise, they physical development we enjoy today. A big round of applause for all of you!

Ladies and gentlemen,

4. Malaysia is gearing itself towards the 11th Malaysia Plan, the final leg towards realising Vision 2020. The 11th Plan is developed based on “anchoring growth on the people”, that has six strategic thrusts and six game changers which will catapult Malaysia towards becoming a high income nation. One of the key sector that is going to propel us into the path of prosperity will indeed be the construction industry.

Ladies and gentlemen,

Construction Industry Performance

7. The construction industry has achieved an astounding average growth of 11.1% during the 10th Malaysia Plan. This surpasses the performance of all other economic sectors in the country. In 2012, at the height of the 10th Plan, the construction industry achieved its peak growth of 18.1 percent and from then on, the industry had maintained its double digit growth at 10.8 percent in 2013 and 11.8 percent in 2014. The government expects that at the close of the 10th Malaysian plan this year, the industry will be able to maintain a double digit growth this year.

8. If we look at the volume of construction, the value has been increasing from the start of the 10th Plan to date. The construction industry recorded RM102 billion worth of projects in 2011, and had grown incrementally to RM157 billion in 2014. As the country moves towards the implementation of the 11th Plan, we expect to see an even bigger number. In the 11th

Malaysia Plan, the government have lined up many construction projects to fulfil housing, commercial and infrastructure needs that will drive economic growth of the country. I believe that the construction industry will remain robust with various projects planned for implementation in the 11th Plan period. Among projects we have in store include the affordable housing projects, to fulfil the needs of the people. We have also planned key commercial and infrastructure projects to ignite economic growth. During the course of the RMK11, we will build Tun Razak Exchange, the KL118 Tower, the Refinery and Petrochemical Integrated Development (RAPID) and the Pan Borneo Highway, just to name a few.

9. In the RMK-11, we will embrace the Public-private Partnership (PPP) as the current Malaysian Plan had proven it to be successful model for the construction industry. We can see that during the start of the RMK-10, government projects made up 23 percent of all construction projects, while 77 are funded by the private sector. Today, government projects

consist of only 15 percent, while 85 percent is by the private sector. This shows that the economic transformation programme introduced by the government in 2010, before the start of the RMK-10 had borne fruit.

The Construction Industry Transformation Programme (CITP)

Ladies and gentlemen,

9. The construction industry has proven its mettle by in terms physical and economic achievement. But in order for the industry to sustain the virtuous circle, it must take a leap and transform. Just as the nation is set to embrace the year 2020 as a developed nation, we want our construction industry to be at par with the rest of the developed world.

10. Thus, I must applaud Ministry of Works, which through CIDB and the best minds in the construction industry had put together a formula which is set to propel the sector towards success. The blueprint, which will be launched today, is The Construction Industry Transformation Programme or CITP. The CITP, which forms a part of the 11th Malaysia Plan, aims to ultimately create construction industry players that are sustainable at home and are able to compete in the International arena.

11. The CITP is a comprehensive implementation plan which encompasses 18 initiatives, from four strategic thrusts, namely Quality Safety and Professionalism or QSP, Environment Sustainability, Productivity, and Internationalisation.

12. Each of the four strategic thrusts seeks to transform and improve public and international image of the industry. In the first thrust, the CITP aim to enhance Quality, Safety and

Professionalism, which are prerequisites towards a responsible and developed industry.

Ladies and gentlemen,

Quality

13. The CITP will push for the adoption of QLASSIC (*note: pronounced as Q – Lassic*) or the Quality Assessment System in Construction. It measures the quality of workmanship in building construction. The QLASSIC enables clients and developers to put a specific demand of the level of quality workmanship targeted for its projects through a specific QLASSIC score which is stated in a tender document. This will allow the contractors bidding for the projects to cost accurately based on the quality requirement expected by the client. I am absolutely delighted to learn that many renowned developers have adopted QLASSIC voluntarily as a method to measure the quality performance of their contractors. The CITP targets to make QLASSIC a mandatory element in all government

projects by 2018. But I urge that all government projects start now and take the lead in implementing a high level of quality for projects.

Ladies and gentlemen,

Safety and Health

14. Raising the culture of safety and health, is another pertinent area in the first strategic thrust of CITP. A more stringent requirement will be introduced to ensure accidents and fatality in construction industry is significantly reduced. The CITP recommends for a minimum safety and health requirement to be made as part of any construction project contract provisions. This will ensure that all contractors bidding for a particular project to cost adequately to meet safety and health requirement. In the past, many clients and contractors have overlooked the expenses needed to ensure adequate safety and health requirement, in the name of cost savings. I must emphasize that at no cost should we compromise on

safety and no amount of cost savings will be able to compensate for the value of life lost. This is the belief and attitude which must be engrained in each individual involved in the industry – from the planner, designer to the person who installs fixtures on a finished buildings. A shoddy track record of safety and health puts a company and the whole industry to shame and diminish any other success it may have achieved.

15. Another issue that have received wide media coverage is the sorry state of workers amnesties at construction sites. Many of these dwellings, which we called “Kongsi” are constructed with leftover construction materials and have very poor sanitary facilities. These Kongsi, some housing more than 1000 workers, are fertile grounds for diseases, crimes and social problems, as extensively covered by the media. Therefore, one of the goals of the CITP is to regulate the minimum level of construction worker’s amenities. I was made to understand that the Ministry of Human Resources are already drafting the requirements to be added into Act 446,

which are the Workers' Minimum Standards of Housing and Amenities Act 1990. While waiting for the new requirements, I urge government implementers and private projects to ensure that workers in their construction projects are housed decently with proper sanitary facilities.

Ladies and gentlemen,

Environment Sustainability

16. In line with the fourth strategic thrust of the 11th Malaysia Plan which is 'Pursuing green growth for sustainability and resilience', the CITP targets to showcase the Malaysian construction industry as a low carbon, sustainable building and infrastructure model, especially to the ASEAN countries. A Centre of Excellence (CoE) for Sustainable Construction will be established to develop, promote and implement sustainable construction systems and practises. The CoE's goal is to transform the infrastructure projects in Malaysia towards economic, social and environmental sustainability. A sustainable infrastructure rating tool will be customised to the

Malaysian context to assess the sustainability element in the construction industry. The CoE will also provide training and guidance to promote awareness and perception of the importance of sustainability not only for infrastructure, but also for buildings and materials. I am sure that the existing building rating tools such as MyCREST and GBI are have been playing a critical role in the industry, but aligning these with a sustainability rating tool would further emphasize the importance sustainability practises.

17. CITP will also take heed in recommending sustainability requirements in public projects, not only through procurement specifications, but also through resource allocations and resource performance. This will further promote the necessity of being sustainability-compliant among industry players and will enforce the need to adhere to sustainability requirements.

18. Irresponsible waste generation is yet another challenge that the CITP addresses. CITP seek to ensure that industry

players adopt waste management and recycling practises. By January 2018, it will be mandated for contractors to comply with waste management programmes, as part of the requirement in Environmental Management Systems certification ISO 14001. This will be implemented in stages starting with G7 category contractors.

Ladies and gentlemen,

Productivity

20. The third thrust of the CITP is Productivity. In comparison to countries such as Australia, China and the United States, Malaysia's construction industry still had the lowest labour productivity.

the CITP initiatives will focus on the three key drivers for productivity which are workforce, technology and process.

Workforce

22. For decades, the construction industry in Malaysia has been depending on low-skilled foreign labour regardless how small the project may be. According a statistic done in March 2015 by the Ministry of Human Resouces, foreign labour in the construction industry makes up 19% of the gross number of foreign workers in the country, second to Manufacturing which makes up 37%.

24. To do away with dependency on foreign labour, CITP proposes to enhance the human capital development such as streamlining construction-related courses, creating a training map to enable those in training to chart progress towards a skill trade or goal, and conducting curricula reviews to ensure that content is constantly up-to-date and relevant with the industry requirements. CITP also acknowledges that close collaboration between the governing body and the industry players is critical in creating highly-qualified workforce. On this, a specialist apprenticeship programme will be initiated. This programme will

serve as a platform for graduates from Akademi Binaan Malaysia and other technical education and vocational training (TEVT) institutes to be hired as apprentices by industry players with large projects, prior to which, they will be prepped through customised, internationally-certified training.

Ladies and gentlemen,

Technology and Process

27. In line with the third strategic thrust of the 11th Malaysia Plan “Accelerating human capital development for an advanced nation”, one of CITP’s initiatives aims to induce faster adoption of Industrialised Building Systems (IBS), mechanisation and modern practises. CITP promotes the use of IBS in public projects by recommending easier and simpler procurement process for IBS components. This is hoped in return will generate competitiveness amongst IBS manufacturers and increase demand for IBS. To encourage more public projects utilising IBS, CITP also recommends economic mechanisms

such as the reduction of import duty for IBS manufacturing and installation equipment, tax holiday and assistance in working capital revolving funds.

28. One way to enhance IBS utilisation in the private sector, CITP proposes the introduction of a 50 IBS score requirement prior to the issuance of the Development Order for projects and the amendment of the Uniform Building By-Laws (UBBL), both for projects which carry a value of RM10 million or more. This initiative will be implemented initially for projects in the Klang Valley.

Ladies and gentlemen,

29. The use of technology in the local construction industry scene is still in relatively new. Building Information Modelling (BIM) is a computer-based technology which interconnects object-oriented database with intelligent objects, 3D representation, and a relational database. Its adoption would

render more efficiency, effectiveness, flexibility and innovation in the industry and improved productivity. As its usage is still in the infancy stage, CITP recommends that the local construction industry move from just using BIM in only one discipline to using BIM to collaborate two or more disciplines in a project. CITP also recommends a one-stop BIM centre to promote and facilitate BIM adoption.

Advance SME/Bumiputera capacity and capability-building

31. The Construction Industry Transformation Programme is also looking into enhancing the capacity and capability of Small Medium Enterprises (SME), including Bumiputera SMEs and entrepreneurs. CITP has lined up a number of programmes to support this initiative, such as the Specialist Trade programme, where SMEs are moulded to become experts in niche areas; Entrepreneurship programme where graduates of ABM and other training institutes are trained to become entrepreneurs through customised modules; Bumiputera Facility Managers programme where Bumiputera contractors are trained to

manage building facilities; “carved-out and compete” programme where a percentage of megaprojects is apportioned Bumiputera players to compete for contracts; and the Continuous Development Programme. These programmes will be implemented with the support from various key agencies such as CIDB, MARA and TERAJU, and learning institutes such as Institut Keusahawanan Negara.

Ladies and gentlemen,

Internationalisation

32. The fourth but no less important thrust of the CITP is Internationalisation. With the ever competitive construction environment which can be seen globally, the Malaysian player should strive even more to become international players, not only by securing international projects but also strengthening its competitiveness locally.

Ladies and gentlemen,

33. Malaysia is a party to many Free Trade agreements which opens up bigger opportunities for our entrepreneurs to the global market. Similarly, those agreements entail that we open up our own market to global players. In 2012, foreign companies made up 9% share of the nation's construction activities, and in 2013 the figure grew to 11%. And as such, it is critical that we continuously improve and strengthen ourselves to compete for international and even local projects.

35. CITP recommends that financial institutions to make Malaysian Standard as a requirement to qualify for financial assistance. This will create the need to adhere and thus putting both foreign and local companies at a level playing field. By enforcing this, financial institutions can help in fostering competitiveness among the local industry players. For companies which implement projects overseas, CITP plans to assist in paving greater access to project financing, and

recommends for attractive interest rates in order for these companies to be able to offer competitive pricing.

Ladies and gentlemen,

36. I have only touched in essence on the CITP initiatives which are expected to ignite further advancement in the industry. In order for Malaysia to achieve the developed nation status, she will develop increasing needs for higher quality, more efficient buildings and infrastructure. This is where the construction industry plays a huge role in driving the nation towards a high income status by the year 2020.

Ladies and gentlemen,

38. The goals of the CITP could not be achieved in isolation. All parties – the industry, government agencies, local authorities, and all levels of the industry supply chain must work hand-in-hand if we were to bring these aspirations to

reality. I am proud to note that the Ministry of Works has put in place a robust governance structure involving all levels of industry stakeholders to ensure the achievement of specific goals and KPI. The tagline for the CITP is apt for all of us to embrace, as the CITP is the blueprint and the framework for us to Drive Construction Industry Excellence together.

39. On that note, it is with great pleasure that I declare the International Construction Week 2015 Open.

Thank You.