

Officiating Speech

**Yang Berbahagia
Datuk Ir. Ahmad 'Asri Bin Abdul Hamid
Chief Executive of CIDB Malaysia**

**Townhall:
“The Way Forward for IBS in Sarawak”**

**1 October 2019 (Tuesday)
Dewan Santubong, Pusat Konvensyen CIDB Sarawak, Kuching,
Sarawak**

Assalamualaikum warahmatullahi wabarakatuh, Salam Sejahtera and a very good morning to all of you here today.

1. It is indeed a pleasure for me to be here today with all of you from the construction industry at the Townhall for Industrialised Building Systems or IBS. It is very meaningful for me to be officiating this important event here in Sarawak. I am sure that we will have a very fruitful discussion about the way forward to build a more productive construction industry in Malaysia, particularly in Sarawak.

Ladies and gentlemen,

The need to increase productivity of the construction sector

2. The Construction Industry Development Board (CIDB), under the auspices of the Ministry of Works, is making great efforts to change the current conventional “dirty,

dangerous and difficult” image of the construction industry into one that is technologically advanced by encouraging the adoption of new construction methods and technologies. This includes the adoption of Industrialised Building Systems (IBS), which is a key driver of the Construction Industry Transformation Programme 2016-2020 (CITP).

3. Under the Productivity strategic thrust, accelerating the adoption of IBS has been identified as one of the key drivers of change, and this supports the CITP’s ultimate goal of more than doubling the productivity per worker in Malaysia by 2020.
4. The focus on productivity is aligned with the High-Income goal of the 11th Malaysia Plan. In the mid-term review of the 11th Malaysia Plan (11MP), the Government is focused on initiatives to help the nation move up the value chain, to become a productivity-driven economy. One of the key strategies identified is by fostering sustainable practices and enhancing knowledge within the construction sector.
5. According to the Malaysian Productivity Corporation (MPC), the construction sector has the lowest productivity level among the five main Malaysian economic sectors. This indicates that the sector needs to be more aggressive in adopting modern technologies and practices to reduce its over-dependence on low-skilled labour. This is important as our neighbouring countries continue to upgrade their construction capabilities.
6. Moreover, it is especially important for the state of Sarawak, as when the local construction industry modernises to improve its productivity with commensurate wages, it will be able to attract skilled local workers. This would have wide ranging socio-economic benefits as it could stem the out-migration of youths and help spur the local economy of the state.

IBS a key driver under CITP's Productivity thrust

7. The use of IBS has wide-range of advantages, covering both processes and people, and benefits both contractors and consumers. These include:

- Increasing quality of buildings and workmanship;
- Reducing the total cost of construction and overall construction time;
- Reducing dependency on lowly-skilled foreign workers; and
- Creating a safe and systematic working environment that is clean and neat, to name a few.

Taken together, these factors contribute to the overall improvement of productivity of the construction sector in Malaysia and raise the level of competitiveness of Malaysian construction players.

8. To accelerate the adoption of IBS in the country, several key initiatives have been undertaken in line with the CITP. It must be mentioned that the initiatives introduced cover the entire construction ecosystem, involving both the public and private sectors, different levels of authorities as well as different sizes of industry players, to ensure that IBS awareness and adoption is understood and realised across the entire construction value chain. These initiatives include:

- Drive scale of IBS adoption via public sector projects;
- Drive scale of IBS adoption via private sector projects; and
- Propel IBS supply chain via economic mechanisms.

Ladies and gentlemen

Government helping the industry transition to IBS

9. The government is taking the lead to champion IBS adoption in the nation. Since 2008, all public projects worth above RM10 million must adopt IBS and achieve a minimum

IBS score of 70. I am pleased to share that, as of **June 2019, 81%** of public projects have adopted IBS and achieved the required score. Moreover, the number of public projects that complied with IBS requirements have increased from **24% in 2014, to 81% in 2019** and I am confident that this will continue to grow further in the years to come.

10. On the other hand, 35% of private projects have achieved IBS scores above 80. As there are significantly more private projects compared to public projects constructed annually, we need to drive scale of IBS adoption in the private sector. To do this, several initiatives have been put in place. IBS has been made compulsory for all private projects worth above RM50 million and to achieve a minimum IBS score of 50.
11. Several economic mechanisms have also been introduced to increase IBS acceptance and adoption in the country. These include tax holidays for qualified local IBS manufacturers that was introduced in 2016, as well as import duty exemptions for heavy machinery and equipment.
12. CIDB has also established CIDB IBS Sdn Bhd to assist the small and medium sized contractors in adopting IBS. CIDB IBS provides technical consultation and advice across the entire IBS value chain for companies that are keen to reap the benefits of IBS but have limited knowledge and experience.
13. In addition, the Public Works Department (PWD) has created 130 IBS Pre-Approved Plans, or PAPs, that comply with IBS and modular coordination requirements. The PAPs covers 19 categories of building models, including those for schools, hospitals, offices, and mosques, to name a few. This is to ensure that IBS can be implemented for a wide range of projects and buildings.

14. The PWD and CIDB have also produced the “IBS Component Catalogue for Precast Concrete Building Systems” in 2017 to provide the industry with key information and details of precast concrete components and suppliers in the country. This is a part of the efforts to fast track the development of a viable IBS ecosystem.
15. Until August 2019, CIDB has registered 300 IBS manufacturers and have trained 5502 construction professionals in IBS and modular coordination. Additionally, there are 12,315 IBS contractors and 9,076 IBS installers who have registered with CIDB. This is a clear indication that Malaysia is ready and have the capabilities to further harness the opportunities that comes with IBS.
16. These, along with many other initiatives, will continue to be implemented to help us steer the industry toward IBS adoption for greater efficiency and productivity.

The urgent need for change

17. Before I conclude, I wish to once again reiterate that IBS will be the catalyst that takes Malaysia’s construction industry to greater heights. I hope by now that it is clear that we need to modernise the construction industry to ensure our long-term prosperity in the state and also to safeguard our competitiveness at the international level.
18. I am glad to note that Sarawak had proven that IBS can work in this state. IBS elements have been used in construction projects in Sarawak such as The Spring and Giant Petra Jaya shopping malls, which use pre-fabricated hollow core slabs produced by our own Sarawak Consolidated Industries Bhd (SCIB). I am made to understand that some other projects that adopted IBS include Tanjung Bako Wharf, Kuching International Airport’s new extension, and Sekolah Kebangsaan Gersik.¹ I am also

¹ <https://www.klscreener.com/v2/news/view/224481/roadblocks-in-adopting-ibs-in-sarawak>

very pleased to note that 50 dilapidated schools in Sarawak have been rebuilt by the PWD using IBS.²

19. This shows that IBS is indeed a viable method to bring us forward as an industry. However, I acknowledge that there are challenges along the way, as Datuk Elias had mentioned just now. These are significant and real, and solutions must be found in order to make IBS viable for all construction players. We must find a solution to change and modernise or be left behind when others have grasped the advantages of new technologies and methods. As such, all of us have our respective roles to play to make IBS adoption a viable reality. If we do not change, we will not grow, and when we do not grow, we will be left behind.

20. What we need to do is to continue to come together, share our knowledge and resources, so as to ensure an effective transformation of the industry by 2020. This townhall is a great platform for us in this important process.

21. On that note, I wish you all the very best for a successful event. Thank you.

Wabbilhitaufiq Walhidayah Wasalamualikum Warahmatullahi Wabarakatuh.

² <https://www.theborneopost.com/2018/09/08/48-schools-in-sarawak-have-been-rebuilt-using-ibs-baru/>