

Speech by:

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**12TH INTERNATIONAL CONSTRUCTION WEEK (ICW) 2013 & 14TH
ROAD ENGINEERING ASSOCIATION OF ASIA & AUSTRALASIA
(REAAA) CONFERENCE & EXHIBITION 2013**

**PLENARY HALL, KUALA LUMPUR CONVENTION CENTRE,
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Terima kasih saudara Pengerusi Majlis.

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

YBhg Datuk Himmat Singh
Secretary General
Ministry of Works, Malaysia

YBhg Datuk Ir. Hamzah Hassan
Chairman, Construction Industry Development Board, Malaysia,

YBhg Dato' Seri Ir. Hj. Mohd Nor Yaacob,
Director General, Public Works Department, Malaysia

YBhg Dato' Sri Ir. Dr. Judin Abdul Karim
Chief Executive Officer, Construction Industry Development Board,
Malaysia,

Ladies and gentlemen,

Let me begin by extending the greetings of The Honorable Dato' Sri Mohd Najib bin Tun Abdul Razak, Prime Minister of Malaysia who is unable to be with us today. It is indeed a pleasure for me to be here at the 12th International Construction Week (ICW) and the 14th Road Engineering Association of Asia & Australasia or RE Triple A Conference & Exhibition 2013.

Ladies and gentlemen,

2. Malaysia has a robust construction sector. In 2012, the Malaysian economy grew by 5.6% compared to 5.1% in 2011, but the construction sector recorded double digit growth of 18.5% in 2012, the highest of all sectors. I am certain that the strong collaboration and cooperation between the relevant government agencies and industry players played a big role in this achievement and I hope that this strong partnership is strengthened in the coming years.

3. As Malaysia transforms into a high-income developed nation, competitiveness achieved by employing low cost labour and resources will no longer be tenable. The cost of labour may appear low but this does not take into consideration hidden costs such as social costs and the expatriation of funds that can drain the economy. We can no longer continue to compete on low cost but must improve productivity and secure market share based on quality, innovativeness, creativity and entrepreneurship.

4. Overall, the construction sector has plenty to look forward to in the immediate term. In the Oil and Gas sector, we have the RM60 billion Petronas Refinery and Petrochemical Integrated Development (RAPID) Project in Pengerang, Johor. There is also the Tanjung Bin Petrochemical and Maritime Industrial Centre in south-west Johor and the Liquefied Natural Gas (LNG) regasification terminal off Sungai Udang Port in Melaka and in Lahad Datu, Sabah. These infrastructural projects will need highly mechanized systems and will strengthen Malaysia's position as an Asian hub for oil and gas services.

5. There is also the RM4.5 billion Second Penang Bridge due for completion this year, which is set to be the longest in South-East Asia. We also have the MY Rapid Transit, our mass rapid transit system and the high-speed train link to Singapore to look forward to. Additionally there is the Kuala Lumpur International Airport 2 project, and the construction of about 1,000 kilometers of roads as well as water supply and electrification projects for the people of Sabah and Sarawak. These are exciting developments. There are opportunities aplenty for all, not only for the big players, but also the Small Medium Enterprises (SMEs).

6. It also gratifying to note that productivity in the country is on the rise. The Malaysian Productivity Corporation (MPC) reported that in 2011, the economy recorded productivity growth of 4.6%. The productivity growth of the construction sector grew by 3.1 per cent in the same period. This growth was supported by active construction activities especially in the Greater Kuala Lumpur region. The implementation of the Industrialized Building System (IBS) in major projects was the major contributor to the overall improvements in productivity of the construction

sector. That being said, it is imperative that we continue to strive for higher productivity and, in this way, do our part to enhance the competitiveness of the Malaysian economy.

Ladies and gentlemen,

7. Malaysia's Economic Transformation Programmes which have been in place since 2010 are actively supporting the private sector as they seek opportunities at home and abroad. In this regard, I am happy to note that Malaysian construction companies are at the forefront of several projects of international significance, such as that led by the SP Setia consortium, comprising Sime Darby Property and the Employees Provident Fund, in the redevelopment of the Battersea Power Project in London. This £8 billion project includes an extension of the Northern Line, a restoration of the power station and the construction of 3,400 new homes, 1.7 million square feet of offices, 550,000 square feet of retail, new hotels, and an entertainment district.

8. Elsewhere, Malaysian companies are involved in the Gate District Towers in Abu Dhabi, the Al Mas Tower in Dubai, the Abu Dhabi Al-Reem Island Development and the Ajman Gate mixed development. Since 1982, Malaysian contractors have completed 691 projects worldwide valued at USD30 billion while another 74 projects worth USD11 billion are in progress. Most of our projects are in the Middle East, namely in the United Arab Emirates, the Republic of Egypt and Saudi Arabia while we are also active in the Republic of Algeria, the Republic of Cameroon and the Republic of Mauritius. In all, there are 115 Malaysian companies currently engaged in construction in 50

countries around the globe. These statistics reflect our capabilities in competing and giving the best in construction services on par with other international players.

9. Towards this end, I wish to encourage you, leaders of the construction sector, to seize opportunities, seize the moment, as it were, to secure market share wherever you can. We may no longer be able to compete with bigger industry players in terms of cost, but we certainly can offer good value for money, innovativeness, and high standards of project delivery. We can certainly share our entrepreneurship, expertise, and productivity.

Ladies & Gentlemen,

10. As the construction industry develops, it should continue to focus on three major initiatives to enable the industry sustain its strong growth and contribute significantly to national economic development.

11. Firstly, the construction industry should focus on project delivery and value for money. We must strive to reduce project overruns, whether in terms of delivery schedules or costs. Do keep benchmarking against international best practices and look to global leaders for inspiration. By improving on your project delivery and value-for-money propositions, you will stay ahead of the pack and remain competitive.

12. Secondly, the construction industry must go green. The value of going green is immense while the cost of neglect is unimaginable. Moreover, it is now an imperative for us to have “green credentials” if we

are to have a place in the global construction industry. It is not just about whether we care for the environment or not. Going green is a necessary move for us to be able to continue to do business around the world. Nationally, the Ministry of Works and its agencies are now developing a National Green Rating Tool for construction.

13. Perhaps a Collaborative Council on Green Technology Initiatives for the Building Industry could be considered to minimize environmental impacts and degradation as well as reduce carbon emissions from your activities. You may take inspiration from the Green City of Putrajaya which is making significant progress in real green initiatives. Of course there are challenges, but together we can work towards the building of many more green cities to showcase our commitment towards sustainable development.

14. Thirdly, the industry should Go Global, Think Global, Act Global and Deliver to Global Standards. Do not be afraid to venture into unknown territory, or to take risks so long as they are understood and risk-management strategies are in place.

Ladies & Gentlemen,

15. ICW 2013 is being held in conjunction with the 14th RE Triple A Conference. This is the 2nd RE Triple A Conference being held in Malaysia, the last time being in 1990.

16. The 14th RE Triple A Conference 2013's theme, "The Road Factor in Economic Transformation" is indeed appropriate. Roads and

highways play a pivotal role in enhancing the country's economy. Roads are the arteries of the nation where more than 90% of goods and people are being transported. Our roads and highways are our long-term assets, which help sustain the country's economic growth and competitiveness. Hence, it is imperative that we build roads to the best of quality and design, and maintain them properly.

17. Malaysia's highway development strategies and policies are guided by the Highway Network Development Plan (HNDP), the objective of which is to provide for the planning of an efficient highway network to meet development goals. The challenge is to embrace an integrated approach towards realizing sustainable road development operations and to adopt best practices and innovative technology in road engineering and maintenance. The opportunities in these sectors are still a plenty and there is room for growth. I hope that the co-hosting of the International Construction Week and RE Triple A provides a symbiotic opportunity to Malaysian experts and construction industry players to learn and keep abreast of the latest development in construction, including road construction.

Ladies & Gentlemen,

18. To our foreign guests, participants, delegates and colleagues, I invite all of you to seek partnerships and alliances with Malaysian companies to pursue ventures not only in Malaysia but also in the region and the world. I also hope that you benefit from this meeting of minds and market of ideas and opportunities and I hope that this conference leads to better collaboration among the industry players in Malaysia and around the region.

19. On that note, it is with great pleasure that I declare this 12th International Construction Week 2013 and 14th Road Engineering Association of Asia & Australasia Conference & Exhibition 2013 Open.

I wish you every success.

Thank You.