

Opening Speech

**YB Dato' Sri Haji Fadillah bin Haji Yusof
Minister of Works**

7th Malaysian Construction Summit (MCS)

**The Plenary Theatre, Level 3,
Kuala Lumpur Convention Centre (KLCC), Kuala Lumpur**

Monday, 11 April 2016

YBhg. Dato' Sri Zohari Bin Haji Akob
Secretary General, Ministry of Works

YBhg.Dato' Ir. Ahmad 'Asri Abdul Hamid
Chief Executive
Construction Industry Development Board (CIDB) Malaysia

Mr. Matthew Tee
President
Master Builders Association Malaysia (MBAM)

Mr. Steven Aroki
Organising Chairman
7th Malaysian Construction Summit 2016

Tan Sri/ Puan Sri/ Datuk/ Datin

Distinguished Speakers

Ladies and Gentlemen,

Assalammu'alaikum WBT, Salam Sejahtera, Salam 1 Malaysia and a very Good Morning.

1. I am pleased to be here this morning to officiate at the 7th *Malaysian Construction Summit* or the MCS 2016 organised by Master Builders Association Malaysia. I would also like to take this opportunity to welcome all international delegates to Malaysia. "Selamat Datang" and Welcome to Malaysia.

Ladies and Gentlemen,

2. The theme of the 7th MCS 2016, **"Increasing Productivity through Technology and Processes"** is apt and timely because increased productivity can result in higher profits, better quality and greater innovation. In the construction industry's pursuit of continuous growth, it must constantly explore ways to improve productivity. Asset-driven growth is not sufficient and therefore, we need to increase our productivity in order to attain a high-income nation status. However, we cannot do it alone. We need the private sector and other industry players to work together to achieve this goal. The initiative must involve every level of government, from municipal to state and to the federal governments, the private sector, trade organisations and non-governmental organisations (NGOs).
3. The Ministry of Works, through the CIDB, has developed the Construction Industry Transformation Programme (CITP) to empower and strengthen the construction industry as outlined in the thrusts of the

11th Malaysia Plan. The CITP, launched by YAB Dato' Sri Mohd Najib Tun Abdul Razak, our Prime Minister on 10 September 2015, is a five year comprehensive programme to transform the construction industry by 2020. It encompasses four strategic thrusts namely Quality, Safety and Professionalism, Environmental Sustainability, Productivity and Internationalisation. Each of the thrusts seeks to transform and improve the public and international image of the industry.

4. Productivity is critical in supporting the objectives outlined under the 11th Malaysia Plan. The Government initiatives for construction under the 11th Malaysia Plan focus on three key drivers for productivity, namely workforce, technology and processes. The CITP aims to increase productivity by two-and-a-half times, which correspond to a target value-add of USD 16,500 per worker by 2020.
5. As we transform Malaysia into a high-income developed nation, competitiveness achieved by employing low cost labour and resources will no longer be sustainable. The cost of labour may appear to be low initially but we have to be mindful of hidden costs such as social costs and the repatriation of funds that can have a negative effect on our economy. We can no longer continue to compete on costs alone but must also achieve productivity growth and work to secure market share based on quality products and services, innovativeness, creativity and entrepreneurship.
6. In this context, many labour-intensive industries such as construction will have to eventually shed its traditional dependency on cheap la-

bour and focus on alternative production methods. Such methods have the potential to not only increase productivity but also enhance our chances of penetrating the global markets. To accomplish this, the industry must move towards greater mechanisation and automation driven by ICT that has the twin effects of increasing productivity and reducing labour requirements.

7. When we talk about building sustainably, we have to emphasize on Industrialised Building System (IBS) - a construction technique where components are manufactured in a controlled environment and assembled into a structure with minimal additional site works. The main advantages of IBS construction method includes the higher utilisation of construction machineries, equipment materials, technology enhancement, higher productivity, increased quality, higher safety in the workplace, reduced dependency on labour and is more environment friendly, resulting in savings in terms of labour, time and cost. Unfortunately, despite the advantages of using IBS, more widespread adoption of the IBS is still not happening due to some barriers in its implementation. Negative perception, lack of awareness, higher cost of equipment, poor planning and coordination, inadequate regulations and lack of readiness among the industry players are some of the challenges in adopting the IBS.

Ladies and Gentlemen,

8. The government has promoted the adoption of IBS by the industry players for both private projects as well as public projects. The Minis-

try of Works constantly engages with other ministries to overcome factors that hinder the adoption of mechanisation in this industry and put in place the necessary policies and regulatory framework to remedy the situation. The Government has made it mandatory for all Government projects costing RM10 million and above to contain at least 70 IBS score. We have also agreed in principle to extend this to private sector projects worth RM50 million and above. With these measures, we hope to see greater adoption of IBS in the construction sector.

9. Another positive change in the construction sector is the rising use of Building Information Modelling (BIM) technologies. In simple terms, BIM is the means by which everyone can understand a building through the use of a digital model. Modelling an asset in digital form enables building professionals to optimize their actions, resulting in a greater whole life value for the asset.
10. The use of BIM is beneficial to the construction industry since careful planning and selection before construction reduces the need for re-work and redundancies, thus leading to cost savings. With the adoption of BIM, it will open an accurate sharing of information to allow for efficient and effective life cycle management of the built environment. Faced with spiralling construction costs, off-site modular construction is proving to be a more cost efficient and sustainable alternative to conventional methods of construction. In fact, BIM has been described as a game-changing process for the construction sector. I

would like to urge the industry to continue to explore the viability of adopting IBS and BIM in construction projects.

11. Through this evolution of automation and mechanisation as well as further R&D for technology development, adoption and localisation are recommended to be focus areas to ensure our construction industry continuously strives to adopt modern and innovative construction methods and processes throughout the value chain.

Ladies and Gentlemen,

12. One area that the industry must focus on for better productivity is green construction. The “green” agenda is here to stay and the value created by Green Economy is diverse. From the value chain to the professionals, from raw material extraction to utility generation and product development. The value of going green is well known and to have “green credentials” is the buzz word especially in the context of marketing to a global construction industry. Green construction is considered as environmentally friendly because it uses sustainable, location-appropriate building materials and employs building techniques that reduce energy consumption. With global concerns on the environment and sustaining the world resources for the future generations, Malaysia has also embarked on initiatives for sustainable development under CITP as well as 11th Malaysia Plan.
13. Therefore, our construction industry stakeholders need to take a holistic approach along the construction value chain activities to achieve sustainable construction. The way forward for Malaysian construction

industry is to address the issue of sustainability and green construction in order to balance between economic growth, social expansion as well as environmental protection. Given the rising concern over the deterioration of the environment, the industry players should act cohesively and revisit the development approaches that they have been so used to in their projects.

14. I hope that through this Summit, we will be able to improve the productivity of the Malaysian construction industry via technology and processes as the industry is in need of productivity gains to remain competitive and to reduce reliance on low skilled labour. Finally, I wish all of you a fruitful session ahead and I look forward to receiving new and innovative solutions from you on how we can improve the construction sector further.

On that note, it is with great pleasure that I declare the *7th Malaysian Construction Summit* open.

Thank you.