Construction industry gets $295m to adopt new technology

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Construction companies and government agencies will soon get a leg up in adopting new technology, with $295 million to be injected into two productivity schemes.

The latest sum brings the BuildSG Transformation Fund to about $770 million in financial aid for the construction industry.

In addition, a new scheme will make it cheaper to hire workers for off-site prefabrication work.

Called the Off-site Construction Special Scheme (OCSS), it will be introduced in the second half of 2019.

The $295 million injection brings the Government's BuildSG Transformation Fund to about $770 million in financial aid for the construction industry. The measures are part of an industry-wide campaign to help companies adopt new construction methods and technologies to raise output and lower costs. ST PHOTO: KUA CHEE SIONG

These measures – which are designed to support more companies in their transformation and shift the industry towards adopting productive technologies – were announced by Minister of State for National Development Zaqy Mohamad in Parliament during yesterday's debate on his ministry's budget.

Of the $295 million, the Productivity Innovation Project scheme will receive $200 million to help companies with solutions which offer at least a 30 per cent improvement in site productivity.

Examples of technologies supported by the scheme are prefabricated bathrooms, where the structure is made off-site, and self-compacting concrete, which is more efficient than normal concrete.

The remaining $95 million will go into the Public Sector Construction Productivity Fund (PSCPF) to coax government agencies to adopt Design for Manufacturing and Assembly (DfMA) technology for their construction projects.

The DfMA is a highly productive method of construction which moves traditional on-site work, such as the building of bathroom units, into off-site factory environments.

The public sector is expected to contribute about 60 per cent of projected DfMA demand from this year to 2023.

Mr Zaqy said that since the PSCPF's launch in 2017, most of its initial $154 million has been committed to various agencies, and the latest injection of $95 million will sustain the effort.

There will also be a change in manpower policy to lower the cost of hiring workers for productive technologies like those under DfMA.

The OCSS will let construction companies hire workers at lower levies at the 15 DfMA facilities, potentially saving them between $250 and $300 per worker on levies.

Mr Zaqy also said his ministry is working towards "progressively reducing the MYE quota for on-site works, and eventually remove the MYE framework altogether".

The MYE, or Man Year Entitlement, framework refers to the total number of foreign construction workers allocated to a contractor for a specific development.

Mr Zaqy added that the Building and Construction Authority will consult the industry in working out changes to the framework.

Singapore Contractors Association president Kenneth Loo said he is in favour of the OCSS.

"We welcome the scheme as it supports industry efforts in the shift towards DfMA. This will help to shift more work from on-site to off-site locations, while raising productivity and lowering cost," he said.

The initiatives are part of an industry-wide push to adopt new technology.

For example, the National University of Singapore will pilot an interdisciplinary module on prefabricated, pre-finished volumetric construction (PPVC) later this year.

PPVC allows building components to be prefabricated under controlled off-site factory conditions and assembled on-site like Lego blocks.

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