

Revival of Construction Industry – Roadmap (Mid and Long Term)

Background

People live in built environments more than 90% of their life time. Most of the other industries' business processes are taken place in a built environment. Therefore, construction industry is a need of people and other industries in an economy. Therefore, construction as a vital economic activity has to exist and will continue to exist with ups and downs due to externalities and market economy behaviour. Hence, stakeholders of the industry shall and can wake up positively and appropriately in the context of this pandemic.

Construction Industry Revival

The revival of other industries will naturally give impetus to construction industry. The 21st April 2019 terrorist attack followed by COVID 19 outbreak have made negative impacts to many industries, such as tourism, apparel and housing, while some other industries emerged securing more demand. Agriculture, Food, Health, Security, Education and IT are such sectors in demand. Now those industries will require built facilities, infrastructures and logistic support. Further, this pandemic made a reasonable impact on the way of thinking of the policy makers, economists and general public at large. Consequently, it may create thrust towards national economic policies detaching from unbecoming features of globalization. This will also give construction industry a boost as local business sectors will grow and get prioritized over the foreign parties.

Roadmap (Mid and Long Term)

[Refer National Policy Framework “Vistas of Prosperity and Splendour” (VPS) where it is cited]. Key: MT (medium term), LT (long term)

Mid Term (MT)

Item	Proposal	MT / LT	Reference	Funds
1)	Publish temporary regulation (if possible under existing Acts / Laws) with such details overriding the provisions in current construction contracts to have; a) deferral of performing contractual obligations, b) release from liabilities on Time for Completion, Bonds and Securities, c) reasonable re-negotiated Contract Conditions, Specifications, Contract Price and Time for Completion guide, and d) required changes in procurement guidelines with new section allowing supply of finished / built facilities on turn key, BOT, BOOT basis by local contractors / parties as required by GoSL.	MT, In a month, for 6 months validity period)	COVID -19 (temporary measures) (control order) regulations. Singapore COVID 19 (Temporary Measures) Act. https://sso.agc.gov.sg	Not Required.

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2)	Implement CIDA regulations that identified constructions works could only be done by registered contractors with more emphasis, where qualified persons listed under CIDA shall be liable to state registration number: in the Letter of Acceptance; Contract Agreement (attach a certified Reg. copy); Payment Certificates, Completion Certificates and Certificate of Conformity (attach a certified Reg. copy)	MT, In 1 month	CID Act., Part VI, Section 38. (CID Act – Construction Industry Development Act No. 33 of 2014)	Not required, will give income to GoSL through registrations and taxes.
3)	Set up a advisory committee on construction industry with a representation from CPF	MT (in 1 1/2 months)	VPS Ref. Page 39, Chapter 5.	Not Required (voluntary)
4)	Streamline future projects, whether they comply with the development needs, sustainability goals, cost / value management checks and procurement strategies with advisory committee in parallel to bidding process. (Some are costly, duplications of same facilities for each institute without sharing, deviations from standards etc.)	MT, In 3 months	VPS Ref. Page 39, Chapter 5.	May not be Required or minimum.
5)	Consultancy services shall not be awarded without competitive basis to state agencies. No general consultancies shall be awarded to the universities penalising young entrepreneurship.	MT, In 3 months	VPS Ref. Page 39, Chapter 5.	N/A
6)	Training of suitable personnel from deserved low income families as construction Site Nurses or Medical Assistant to employ them at sites. Include item in Contract for same.	MT, In 3 months	VPS Ref. Page 15, Chapter 4.	May not be required.
7)	Allocate waste materials dumping yards in every district, 3-4 acres per district. Contractors shall make waste separated for recycling.	MT, In 3 months	VPS Ref. Page 58, Chapter 8.	May not be required.
8)	Part of the yard to be used for a plant making recycle materials by trained SME's and sell them back to industry. Make specifications and a regulation in building permits to use recycled materials initially around 10% - 15%.	MT, In 3 months	VPS Ref. Page 40, Chapter 5.	Self-sustain on a bank loan.
9)	Identify mining places, borrow pits, quarries etc by GoSL's appointed authority and avoid liability on private parties to find them and obtain licences, making about 9-10 months delay in construction works.	MT, In 3 months	VPS Ref. Page 59, Chapter 8.	May not be required, will give income to GoSL.

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10)	Promote use of coir products etc made in Sri Lanka replacing plastics, similarly revive the ironmongery, furniture, light fittings industries existed before, including metal and power tools.	MT, In 3 months	VPS Ref. Page 40, Chapter 5.	Not required, will give income to SMEs
11)	Mechanism to promote and protect SME's involved in construction with guaranteed payment system with standard agreement form should to be developed. (steel fabrication, carpentry / joinery, furniture, artefacts, personal protection / safety equipment etc.)	MT, In 4 months	VPS Ref. Page 40, Chapter 5.	Not Required. May be done by CIDA.
12)	Establish a development bank to support industries in fund management and review current BOI and other regulations to make investment friendly environment and FDI process.	MT, In 6 months	VPS Ref. Page 19 and 41, Chapter 5.	Depends
13)	Make a data base to monitor fair distribution of works and services as per laws and regulations, data analytics for decision making, publishing indices etc. Department of Census and Statistics shall expand data base on construction with CIDA.	MT, In 6 months	VPS Ref. Page 43, Chapter 6.	Savings from efficiency
14)	Conducive labour laws for development shall be implemented and existing laws applicability in a Force Majeure situation shall be specified.	MT, In 6 months	Labour Laws	Not Required
15)	Appoint signature certification authorities and certification service providers, to make the processes digitalized and to give legal effect.	MT, In 6 months	Electronic transactions Act, no. 19 of 2006.	May not be Required
16)	Every 100 million spent on each contract shall contribute to planning of a tree in a specified reforestation program.	MT, In 6 months	N/A	Item in BOQ
17)	Construction Industry Development Authority doesn't function as the national body to regulate / drive the complete construction industry, <u>hence form another high-powered legal entity or reform CIDA</u> , as it appears the current CID Act has no such legal power to regulate the whole construction industry. a) Form a new entity or reform CIDA to manage / regulate all construction works, b) Should find required human resources to function this entity, there are personnel willing to give inputs on outsourced basis,	MT, In a year MT, In a year	N/A Singapore legislations	Would require Would require

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	<p>c) Price fluctuation formula and data collections for that should be revisited.</p> <p>d) Guidance to Preliminaries Bill (ICTAD/ID/04) shall be revised in line with published SMM and other requirements.</p> <p>e) Should commence surveillance and monitoring the industry on published regulations and guidelines.</p> <p>f) There are many contractual issues faced by stakeholders due to inappropriate provisions in the standard form of contracts based on European standards without capturing local industry features and culture.</p> <p>g) Only four standard forms of contracts available (for Re-measurement and Design & Build) and large number of standard forms are required for the industry, Refer number of forms in NEC, JCT forms in excess of 50. There are institutions willing to help and contribute for this as CIDA has no capacity.</p> <p>h) No contract form to cater for SME sector.</p> <p>i) No contract forms for Lump Sum, Cost Reimbursement, Management Contracts, Construction Management, Turn Key etc.</p>		JCT, NEC and Malaysian contract suits.	
18)	Establish a R & D unit in collaboration with universities to provide required inputs to develop the industry and is a essential need as many decisions are taken without data analytics and industrial or application researches.	MT, In a year	N/A	Not Required.
19)	Stake holder “Support Service Centre” shall be established. For documentation support, sourcing, management etc with data base of available registered personnel in provinces.	MT, Start process & finish structure in a year	N/A	Not Required.
20)	Start proper and structured education program including awareness on standard documentation and issues arising out of (CIDA documents, NPA Guide, Circulars etc.) without ad hoc training systems by many on the motive of earning money from it.	MT, Start process & finish structure in a year	N/A	Not Required.

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Long Term (LT)

Item	Proposal	MT / LT	Reference	Funds
1)	New universities to establish in Sri Lanka with concessionary land prices in collaboration with foreign universities. This would reduce spending foreign currency for overseas education and private tuition by upper middleclass citizens. About Rs. 100K per family could be injected to economy.	LT, In one year	VPS Ref. Page 24, Chapter 4.	Only lands.
2)	Carry out a comprehensive study on construction industry to make informed and rational decisions, (Funding arrangements, population growth and socio-economic trends, demographic trends, infrastructure needs, land utilization, reduction of facilities duplication, new technologies, R & D requirements, sustainability, disaster resilience etc. may be incorporated in to the study).	LT, In one year	Latham Report 1994 and Egan Report 1998 in UK	Not required. By Universities and CIDA.
3)	New Cities Development shall be planned, remodeling and interventions to existing cities are costly and New Built Environments to be in Disaster Resilient locations.	LT, In two years	UDA Laws and Reports	Attract disaster management funds from overseas.
4)	Conversion of construction industry to a more factory / off site based assembling industry. So that labour issues could be minimized and develop it in to exports.	LT, In phases for five years.	World Economic Forum Reports	R & D funds in Universities may be used.
5)	Minimize individual houses for low and middle-income groups but promote at least walk-up apartments to save valuable lands and environment. Provide housing solution or resettlement to upper middle-income group with trading off their individual land plots currently in urban and suburban areas to new cities with infrastructure ready, so that large land plots could be available for developments or for greeneries.	LT, In phases for five years.	Such moves of other Asian countries.	Self generating
6)	Digitalization of the processes including online working from home, efficient documentation and management with common software, adopting of Building Information Modeling (BIM).	LT, In phases for five years.	VPS Ref. Page 43, Chapter 6.	Some funds allocated. Should find it.

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Item	Proposal	MT / LT	Reference	Funds
7)	Defeat corruption and make national policies, lacking of those have also contributed to loss of faith in skilled personnel, young technicians, craftsmen, professionals / entrepreneurs about the industry policies and to choose migration after their higher education from tax payers' money.	LT, Start now and process.	VPS Ref. Pages 4, Chapter 2 VPS Ref. Pages 35 & 39, Chapter 5	Not required
8)	Global industries' Value Chain Integration. This will increase construction works. (Examples may be Vietnam and Bangladesh). <i>This should be done carefully as robotic industry is developing replacing expensive labour and hence developed economies may take apparel and electronic assembling industries back to their own countries.</i>	LT, Part of economics plans.	IFC Reports	N/A

Courtesy and other references. Ideas and information exchanged in meetings by Heads of; Sanken Construction Pvt Ltd. Maga Engineering Pvt Ltd., International Construction Consortium Pvt Ltd, Tudawe Brothers Pvt. Ltd. Prof. Mrs. C. Weddikkara, Arch. Jayantha Perera,

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