



Submission to the 2018-19 Budget

for Measures to Assist SME Contractors for the Construction Industry

Over the past years, the escalated construction cost and manpower shortage is eroding productivity and cost effectiveness of the construction industry. Referring to the 2017 Policy Address for assisting the industry “the Government is proactively promoting the adoption of technology and innovative construction methods to improve productivity and cost-effectiveness and to support their adoption by small and medium enterprises”. The SME contractors have limited resources to adopt technologies such as BIM and Modular Integrated Construction (MiC) and would like to seek your consideration for the following supportive measures:

1. Stable volume of public work tenders for SME contractors

In the past few years, the volume of public work tenders for Group A,B and C(P) were low and we would like to recommend a stable volume of public work tenders preferably with contract amount below \$500M for SME contractors.

2. Loan schemes tailored for SME Contractors

- a. recommend a loan scheme bases on percentage of awarded public work contracts with loan amount equivalent to 20% contract sum capping at \$100M.
- b. recommend the government to act as guarantor in a loan scheme for both private and public contracts with loan amount similar to the above 2a.

3. Training and capital investment subsidies

To facilitate SME contractors in adopting the Government initiatives such as BIM, MiC and other technologies, we would recommend the 2018-19 Budget to allocate \$1 billion for training and capital investment subsidies.

4. Technology functional centers

To maximize utilization of BIM hardware and software, we would like to recommend establishing BIM functional centers that could be jointly used by SME Contractors.