

## THE STRAITS TIMES

---

---

# New mediation centre to resolve disputes in construction sector launched



The most common causes of disputes between main contractors and sub-contractors are payment disputes, defects and liquidated damages, said an SCAL spokesman. ST PHOTO: KUA CHEE SIONG

🕒 PUBLISHED MAR 12, 2019, 9:00 AM SGT | UPDATED MAR 12, 2019, 6:19 PM



Shabana Begum (mailto:nshab@sph.com.sg)

[use of cookies.](#)

✓ Accept

SINGAPORE - A mediation centre that focuses on resolving disputes within the construction sector was launched on Tuesday (March 12), to help companies avoid expensive and time-consuming court battles.

The Singapore Contractors Association (SCAL) set up the Singapore Construction Mediation Centre (SCMC) in response to the demand from its members for mediation in resolving construction disputes.

According to the association, payment disputes, defects and liquidated damages are the most common causes of disputes between main contractors and sub-contractors.

Previously, the Singapore Mediation Centre (SMC) was the main avenue to amicably resolve construction disputes.

More than 4,000 matters of various kinds have been mediated at SMC since it was established in 1997. Construction disputes make up about 40 per cent of the cases each year.

Lengthy and costly court trials affect the profitability of companies involved, and may damage their reputation, a SCAL spokesman said.

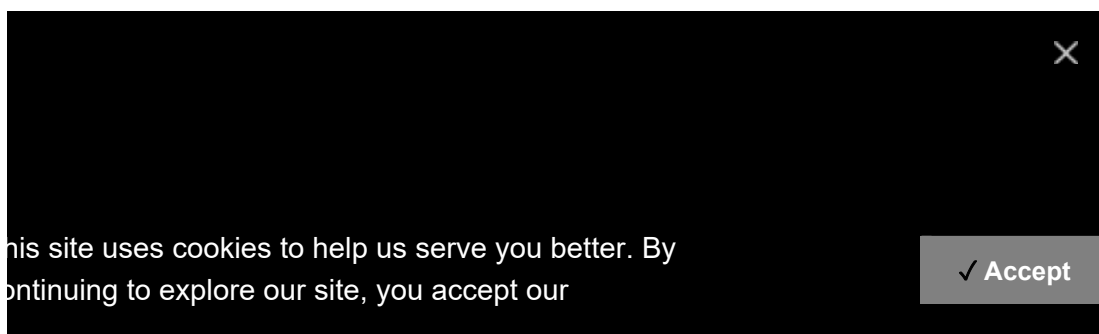
SCAL Second Vice-President and SCMC chairman Wilson Wong said the inaugural panel of SCMC mediators comprises 24 individuals who hold high management positions in companies within the construction industry and have experience in mediating such disputes.

It will serve the 3,000 SCAL members, which can opt for the SCMC or SMC to resolve disputes.

Ms Monica Neo, one of the appointed mediators at SCMC and a senior partner at Chan Neo LLP, noted that the SMC handles a range of issues, so the mediator may not always be familiar with the construction industry.

"For SCMC, most of the mediators are contractors as well... the disputing parties can listen to their views and figure out the best way to resolve the issues."

ADVERTISING



This site uses cookies to help us serve you better. By continuing to explore our site, you accept our

✓ Accept

Minister of State for Manpower and National Development Zaqy Mohamad, who attended the launch, said early and amicable resolution of potential disputes should be encouraged.

In his speech, he also gave an update on changes to the Building and Construction Industry Security of Payment Act, which Parliament passed last October. The Act establishes a fast and low cost adjudication system for parties to resolve payment disputes.

The changes will be rolled out in the second half of this year, Mr Zaqy said. These include raising the minimum interest rate for late payments to 5.33 per cent per year, up from as low as 1 per cent per year previously.

He also announced that the Building and Construction Authority has developed new clauses in contracts to promote "collaborative contracting" - getting companies to work together to solve common problems and to reduce disputes.

For instance, one clause will require contract parties to give early notice on issues that affect the project delivery or contract sum, so they can "jointly develop solutions to avoid future downstream issues", he said.

JTC Corporation launched a tender last October to pilot this collaborative contracting model in the Punggol Digital District he said, adding that the Government plans to identify more projects that could benefit from such an arrangement.

Mr Markus Tam, the director of CT Equipment, said the concrete works specialist refers up to two disputes a year to the Small Claims Tribunal. Most are related to payment.

The new centre should make resolving disputes easier as the mediators will understand construction industry norms, he said. "Mediation is better because we won't sour the relationships between ourselves and the contractors who are basically our customers."

**Stay updated with the latest stories** [use of cookies.](#)

✓ Accept

Only \$0.99/month for the first 3 months. Cancel anytime

Try Now

- 
- > [Terms & Conditions](#)
  - > [Data Protection Policy](#)
  - > [Need help? Reach us here.](#)
  - > [Advertise with us](#)

SPH Digital News / Copyright © 2019 Singapore Press Holdings Ltd. Co. Regn. No. 198402868E. All rights reserved

[use of cookies.](#)

✓ Accept