

News Release

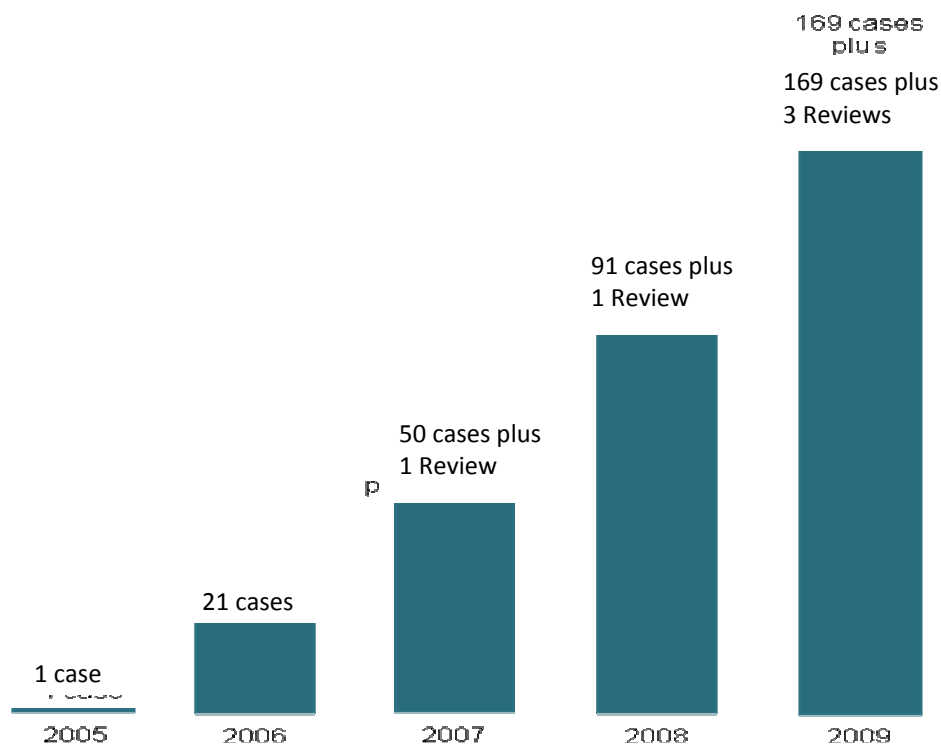
EMBARGOED UNTIL 5.00 PM, 30 AUGUST 2010

**The construction industry has used
the rapid dispute adjudication route in 421 disputes within the last 5 years**

Decisions of selected cases are now published in annual case book

Singapore, 30 August 2010 – There has been steady increase in the number of contractors and sub-contractors seeking to resolve payment disputes through adjudication under the Building and Construction Security of Payment (“SOP”) Act. The Act was enacted in 2005 to ensure that building projects in Singapore are not stalled because of inadequate cash flow.

The Singapore Mediation Centre (“SMC”) which was appointed an Authorised Nominating Body to administer the adjudication process, received 169 applications last year compared to 91 in the previous year. Since 2005 to June 2010, a total of 421 applications have been filed with SMC and the numbers are set to rise. The disputed amounts in these claims ranged from \$4,900 to \$63 million.



Singapore is only the 4th country in the world to have in place this radical regime to assist contractors and subcontractors with their cash flow problems. The first of the countries to have this in place was the United Kingdom (1996), followed by Australia and then New Zealand. Because of the novelty of the process in Singapore, SMC provides a comprehensive training infrastructure for both adjudicators and users of the regime. One component of this infrastructure is the painstaking editing and redaction of adjudication determinations which can serve as a source of reference on the operation of the regime for developers, contractors, subcontractors and their advisers.

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The adjudication process places great emphasis on quick resolution of payment disputes in construction projects. Contractors and sub-contractors who face payment issues during the course of a project can submit their payment claims for adjudication instead of waiting for the completion of the project to file their claims. An independent Adjudicator is required to provide a decision on a dispute within 14 days from the date prescribed in the contract. At the end of this period, a determination is issued which is binding and the adjudicated amount must be paid by a stipulated due date. If either party is aggrieved by the decision, they can redress it either in arbitration or the courts.

Besides administering the adjudication process, the SMC also trains, certifies and maintains a registrar of adjudicators, including establishing their fees which are capped so that adjudication remains affordable. Currently, SMC has 134 adjudicators on its panel comprising of professionals from the construction and related industries and lawyers specialising in construction disputes.

To cater to the growing interest in the security of payment regime, the Singapore Mediation Centre has decided to publish a series of reports on adjudication determinations under the SOP Act as well as decisions delivered by the courts on matters arising from these determinations. The first volume of the *Singapore Construction Adjudication Review* published last year contained 46 cases and decisions from 2005 to 2007. The second volume which contains 87 selected determinations decided in 2008, was launched today. Both volumes were edited by experienced adjudicators Chow Kok Fong, Christopher Chuah and Mohan R Pillay.

In the foreword to the first volume, Justice Andrew Ang, Judge of the Supreme Court and Chairman of SMC said that the SOP Act has transformed the dispute resolution landscape of the construction industry in Singapore. "It offers a very affordable access to the adjudication of payment disputes between parties to a contract while construction work continues on site and it does so with remarkable economy of time and effort."

Justice Ang also noted that notwithstanding that these decisions of adjudicators are intended to be only temporarily binding until full curial proceedings, relatively few parties have chosen to bring matters adjudicated to the courts or arbitration. This suggests that there is a general acceptance by the industry of the objectivity of these decisions.

Dr John Keung, Chief Executive Officer of the Building and Construction Authority commented that “the adjudication mechanism will continue to be an important feature to facilitate cash-flow between various stakeholders. By reducing the occurrence of firms facing financial difficulties which could lead to construction projects being disrupted and delayed, it will contribute towards a more healthy and productive industry.”

Singapore Construction Adjudication Review is available at \$192.60 (including GST) per copy. Orders can be placed with Sweet & Maxwell Asia.

For more information, please call +65 6333 0800 or email smasg.marketing@thomsonreuters.com

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About Singapore Mediation Centre (“SMC”)

Singapore Mediation Centre (SMC) is a non-profit organisation established in 1997 to provide commercial mediation services. It is structured as a company limited by guarantee of the Singapore Academy of Law (SAL). With the support of the Singapore Judiciary, the SAL, the Ministry of Law and various professional and trade organisations, the SMC has successfully spearheaded the mediation movement in Singapore and continues to promote the use of mediation and other non-confrontational dispute resolution methods. Over 1,300 civil disputes of all types and involving different quantum of claims (up to multi-million dollar disputes) have been referred for mediation at the SMC. An impressive 75% of these have successfully reached amicable settlements with more than 90% of these settled within one day. For more information on SMC, please visit <http://www.mediation.com.sg/>

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