

A dark, atmospheric night-time aerial photograph of Singapore, showing the illuminated Marina Bay Sands hotel and the Esplanade - Theatres on the Bay in the foreground, with the city's skyline and harbor visible in the background.

Navigating the
POST-COVID-19
Landscape for Singapore Construction

Impact of COVID-19 on the Industry

Legal Issues
COVID-19 (Temporary Measures) Act 2020

Restarting Projects

Supply Chain Resilience

Cost Impact

Factoring New Risks into Contracts

Conclusion



Industry Impacts

What impacts has COVID-19 caused to the construction industry?

Construction Performance

According to the Building and Construction Authority (BCA) in January 2020, total construction demand for 2020 is projected to reach between \$28 billion and \$33 billion. Public sector construction demand is projected to contribute approximately 62% of the total construction demand at between \$17.5 billion and \$20.5 billion. On the other hand, private sector construction demand is projected to contribute approximately 38% of the total construction demand at between \$10.5 billion and \$12.5 billion.

Pre-Pandemic Forecast of 2020 Construction Cost Trends

Tender Price Movement

Actual TPI Performance in 2019	Projected TPI Movement in 2020 Before the Pandemic
+0.5% (4Q2019 vs 4Q2018)	0% to +2% (4Q2020 vs 4Q2019)

This forecast was made against the backdrop of a sustainable pipeline of construction activities to be awarded in 2020 forecasted by BCA and moderate price increase in key construction materials coupled with increased competition by contractors to fill up their order books.

Factors Affecting Anticipated Tender Price Movement in Early 2020 Before the Pandemic

- Global economic growth remains sluggish
- Public sector demand (infrastructure projects) likely to be the key contributor to the overall construction demand
- Moderate increase in key construction materials prices are expected
- Increase in competition by contractors to fill up their order books
- Tender timing of mega projects is crucial and will have an impact on the tender price climate – hence, close monitoring of market sentiments needed

COVID-19

Industry Impact

Construction Performance

According to the Ministry of Trade and Industry, the construction industry contracted 4.0 per cent on a year-on-year basis in the first quarter, a reversal from the 4.3 per cent expansion in the previous quarter. On a quarter-on-quarter basis, the sector shrank 21.8 per cent.

Since 7 April, Construction activities came to an almost complete halt and only gradual resumption of works is allowed from **2 June onwards**. The Building and Construction Authority (BCA) regulations state that only works necessary to maintain the job site – like stabilising structures and controlling mosquito breeding – can continue during the circuit breaker.

According to the Business Times, construction growth in Q2 2020 is likely to suffer a double-digit year-on-year contraction.

[Source: Ministry of Trade and Industry, Singapore, 26 May 2020](#)

Construction to suffer double-digit knockdown from Covid-19 pandemic

Economists cite circuit breaker, quarantines at workers' dormitories, weak demand

MON, APR 13, 2020 - 5:50 AM

SIOW LI SEN ✉ lisen@sph.com.sg 🐦 [@SiowLiSenBT](https://twitter.com/SiowLiSenBT)



[Source: The Business Times, 13 April 2020](#)

COVID-19

Industry Impact

Manpower Crunch

- Mainland China workers are still not able to return in full force
- Foreign Worker Dormitories impacted by COVID-19
- No cross deployment of workers allowed at least for the initial phase and additional measures to be in place later by having cross deployed teams work in separate zones or different times

Revenues Hit

- Contractors continue to incur costs for workers lodging, food, and salary
- More cost will be incurred arising from compliance with COVID-Safe Restart Criteria through the implementation of Safe Management Measures
- Impacting cashflow

Project Delays

- Construction activities have been halted



COVID-19: Construction projects could be delayed months, as contractors fear manpower crunch when clearing backlog



Source: [Channel NewsAsia, 26 April 2020](#)



Source: [Straits Times, 16 May 2020](#)

COVID-19 Industry Impact

Disruption of Supply Chains

- The COVID-19 pandemic has raised some unprecedented market challenges where the resilience of supply chains from **manpower to raw materials to finished products** are at risk
- COVID-19 will push more companies to diversify their supply chains.
- The possible outcome of this will be an Asian supply chain network that is both less China-focused and more diverse



Coronavirus will reverse globalization and create regional supply chains, economists predict

PUBLISHED WED, MAY 13 2020-8:47 AM EDT

Chloe Taylor
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[Source: CNBC, 13 May 2020](#)



PUBLISHED: 17 APR 20 VIEW(S)



COVID-19 is a wake-up call for our fragile supply chains

BY SYED SUROOR ANWAR

The coronavirus pandemic has proved a bitter pill for the world's business leaders to swallow and one unlikely to digest any time soon.

From delays to the new iPhone to shortages in medical equipment, the COVID-19 virus has exposed the fragility of our globalised economy and the tangled complexity of our global supply chains.

[Source: Singapore Business Review, 17 April 2020](#)



Legal Issues

COVID-19 (Temporary Measures) Act 2020

“BCA has advised government agencies to take a sympathetic view when considering request for Extension of Time, or EOT, for project delays due to COVID-19.. We have also sought REDAS’ support for private sector developers to do likewise.”

- MOS Zaqy Mohamad, Speech at Committee of Supply Debate 2020, 4 March 2020

Extension of Time (EOT)

Outbreak of disease, epidemics/ pandemics are **not defined as events of force majeure** neither do the facts fall within the relevant events under most of our Clients' construction contracts entitling the Contractor to EOT contractually.

For good order, please do check the Contract Particular Conditions (PC) to confirm that there are no relevant amendments to the standard form Conditions of Contract (CoC), whether under PSSCOC, REDAS or SIA.

Should EOT claims be rejected?

The evolving COVID-19 pandemic has undoubtedly affected Contractors and resulted in delays to the progress of their works.

From the very outset, BCA's earlier email circular dated 1 February 2020 (Subject: **"Claims for Extension of Time (EOT) in Public Sector Construction Projects Arising from the Wuhan Coronavirus"**) invited public sector contractors whose "work progress has been delayed due to impact of the Wuhan Coronavirus" to submit EOT claims and that these would be considered by SO on an ex-gratia basis subject to **substantiation, mitigation and notification**.

This was before the COVID-19 pandemic was even officially named as such, before the current circuit breaker measures were implemented and before the **new COVID-19 (Temporary Measures) Act ("Act")** was passed by Parliament in April 2020.

Now see the new COVID-19 (Temporary Measures) Act

REJECTING EOT

A rejection of EOT even during the circuit breaker period may lead to the Contractor triggering the assessor determination process under the Act.

COVID-19 (Temporary Measures) Act 2020

The new COVID-19 (Temporary Measures) Act would entitle contractors to **temporary relief** for “COVID-19 events” as defined in the Act.

1. If “they are unable to perform an obligation in the contract, being an obligation to be performed **on or after 1 February 2020**”
2. Their “inability is to a **material extent** caused by a **COVID-19 event**” (c.f. s. 5(1)(b) of the Act, referred to in the Act as “**subject inability**”)

What is a “COVID-19 event”?

“COVID-19 event” is broadly defined under s.2 of the Act to mean:

- (a) the COVID-19 epidemic or pandemic; or
- (b) the operation of or compliance with any law of Singapore or another country or territory, or an order or direction of the Government or any statutory body, or of the government or other public authority of another country or territory, being any law, order or direction that is made by reason of or in connection with COVID 19

The broad definition of a “COVID-19 event” under the Act would cover the various measures imposed by other countries’ governments and laws, including border control/ travel and movement restrictions, circuit breaker measures, including if these impact or disrupt supply chains or give rise to manpower shortages.

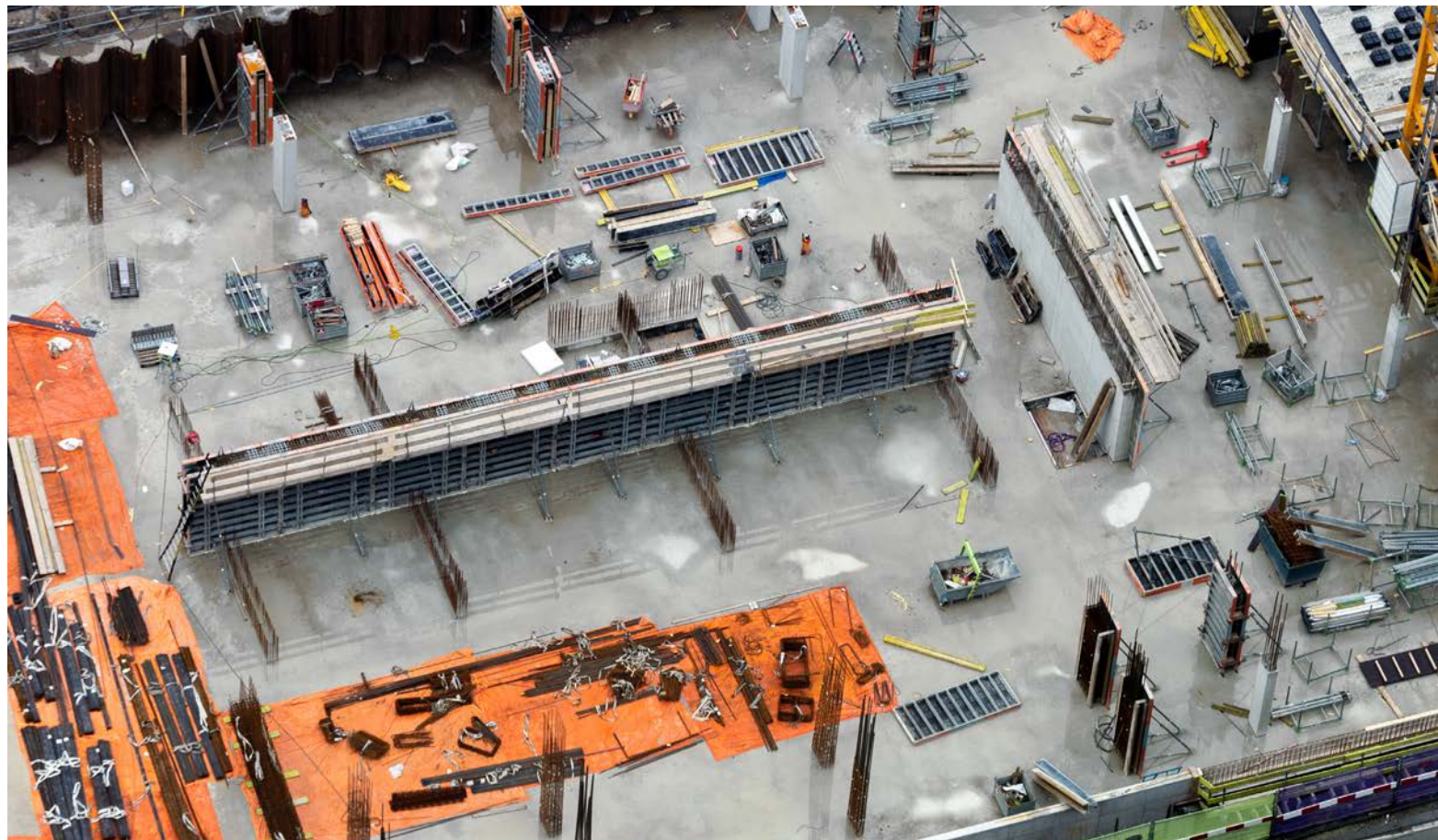
“You’re looking at economic devastation. Businesses destroyed, people’s lives ruined, and in such a situation, you don’t talk contract. You talk equity, you talk justice, you talk about what is the right thing to do.”

- Minister for Law K Shanmugam SC, Interview with CNBC, 7 April 2020

Liquidated Damages (LD)

In terms of LD, **s. 6(5)** of the Act makes it clear that

“6 (5) Despite anything in the contract, for the purposes of calculating the liquidated damages payable under the contract or assessing other damages in respect of the subject inability, where the subject inability occurs on or after 1 February 2020 but before the expiry of the prescribed period, any period for which the subject inability subsists and falling within that period is to be disregarded in determining the period of delay in performance by A. (i.e. the Contractor here).”



Loss and Expenses (L&E)

There is **no L&E payable** in any event, in absence of earlier contractual agreement (rare but do check the contract PC) or subsequent agreement by the Client to pay costs.

These L&E claims do not arise out of the breach or fault of the Employer in carrying out its contractual obligation.

Also assuming there are no acceleration issues, if the Client were to reject all EOT and insist on completion per earlier contract completion timelines and without giving due regard to the effect of COVID-19 events.

The new Act also does not give the contractor any monetary entitlements, whether for L&E, prolongation costs, or anything else.

Unless there are specific contractual provisions permitting recovery of such loss and expenses and cost claims due to a COVID-19 event, generally the **Employer is not liable to compensate the Contractor for loss and damages.**

Notification for Relief

Under the Act, Contractor may serve a **notification** for relief on the Employer (and the bank providing the performance bond and any guarantor too), and apply for an **Assessor** to be appointed to determine the issues.

The Assessor “*must seek to achieve an outcome that is **just and equitable** in the circumstances of the case” and “may take into account the ability and financial capacity of the party concerned (i.e. here the contractor) to perform the obligation*, c.f. s. 13(2).

Note that under s. 14 of the Act, no party may be represented by an advocate and solicitor at proceedings before an Assessor.

The Assessor would generally not determine extent of delay attributable to COVID-19, which can be complex and caused by multiple reasons, intervening delay events, concurrency, mitigation factors etc, or LD payable and differences on such matters would be resolved through the contractual dispute resolution route. There is also no appeal from an Assessor’s determination (c.f. s. 13(10)).

Considering the broad definition of a “COVID-19 event” under the Act and the inherent risk of an unfavourable outcome before an Assessor who may take a broader view of Contractor’s entitlement, **parties should carefully strategise and consider whether or not the issues in dispute may be better resolved by other avenues**, including **commercial compromise / agreement** between the parties and adopting a **proactive and flexible** approach.

E.g. In terms of the **current circuit breaker**, if the assessment is clearly no work could be carried out at all, approach wise, we suggest for Clients to agree to the EOT of at least the circuit breaker period, from 7 April 2020 to 1 June 2020. Then for the period before 7th April and after 1st June, it can still be subject to substantiation of material impact under the Act.

Notification for Relief

Recommendations upon receiving Notification for Relief

1. Acknowledge receipt of the notification
2. Accept that the current situation exists and is still evolving, that there is a circuit breaker in place and assuming no work was done, concede the duration (and impact) of the circuit breaker period.
3. If a notification has yet to be filed and assuming work progress is disrupted, request the **Contractor to provide proper and detailed documents and records to substantiate the impact on the progress of works** and how their inability to carry out their works was caused by COVID-19 event to a material extent.

4. Ensure the Contractor includes:

- How they have indeed suffered delays on account of the matters raised
- How these affect the regular progress of Works
- Mitigation efforts by a specified date
- Clearly state how they will provide further updates by a certain date after each subsequent calendar month

Consider a holistic review of the time for completion and commercially agree, on an ex-gratia basis, a realistic revised Completion Date for all parties to focus and move the project towards completion.

CHALLENGING THE NOTIFICATION

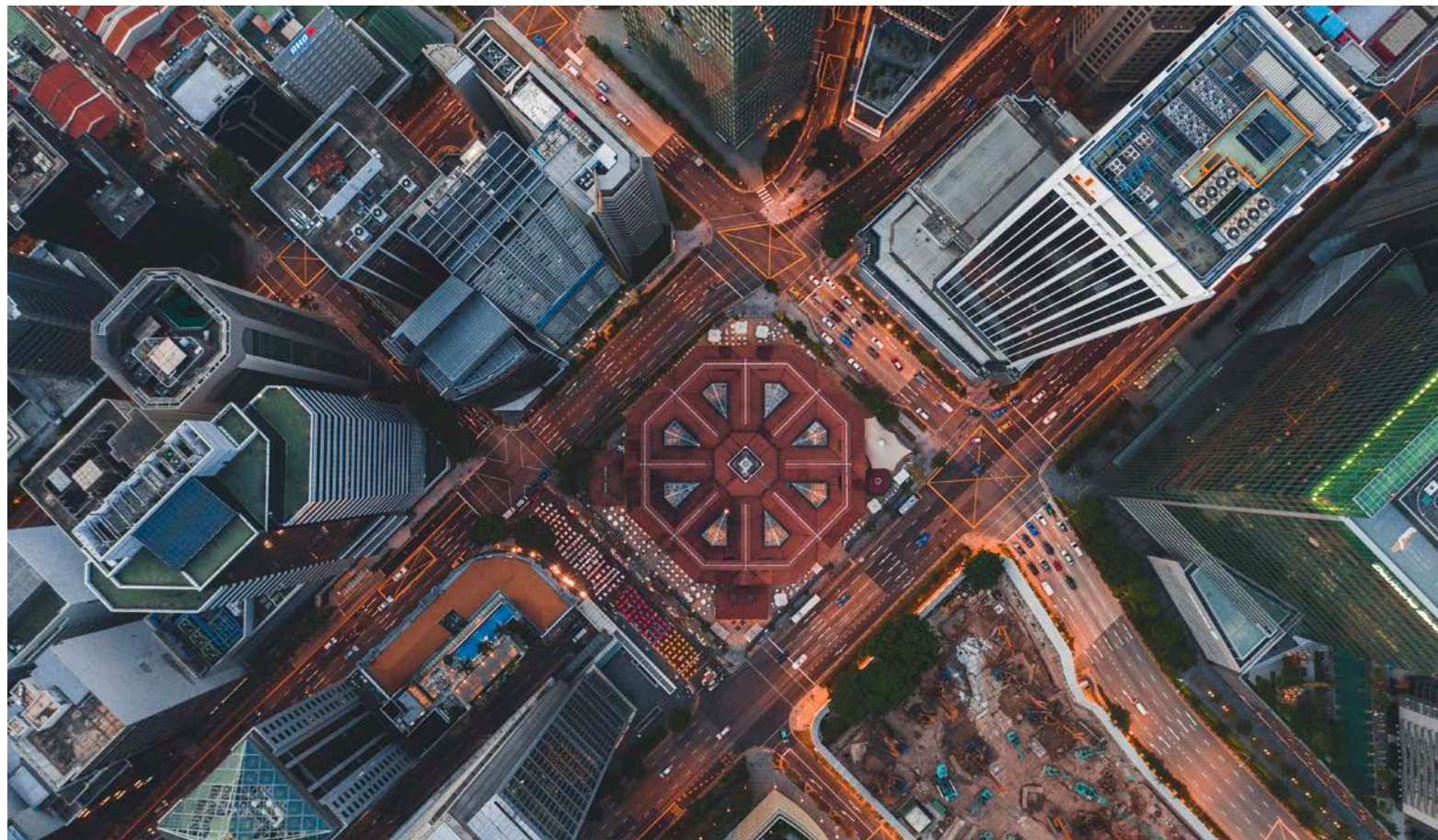
Upon being served with a notification for relief, the Client may challenge the notification and the applicability of the Act to provide relief to the Contractor. This is for instance if the delay was not caused by a COVID-19 Event under the Act.

However, an Assessor will be appointed to determine whether the temporary relief measures apply, and if so, will make a further determination to achieve a just and equitable outcome in the circumstances of the case. There is a possibility that the Assessor may agree with the Contractor.

What About New Projects?

The COVID-19 (Temporary Measures) Act 2020 (No. 14 of 2020), provides **temporary relief** from the inability to perform contractual obligations under certain contracts entered into **before 25 March 2020** (s. 4(1)), and for obligations to be performed **on or after 1 February 2020**, if that inability is materially caused by a COVID-19 event, c.f. s.5(1) of the Act.

The Act is **not relevant for new contracts** or new projects entered into now. COVID-19 is already upon us and parties should be fully aware of the impact of COVID-19 for these newer contracts and should have had an opportunity to take these into account in deciding whether they can properly carry out their obligations and the price a premium for these if necessary.



In Summary

Parties should consider if issues can be resolved through a commercial compromise/ agreement between the parties and adopting a proactive and flexible approach.

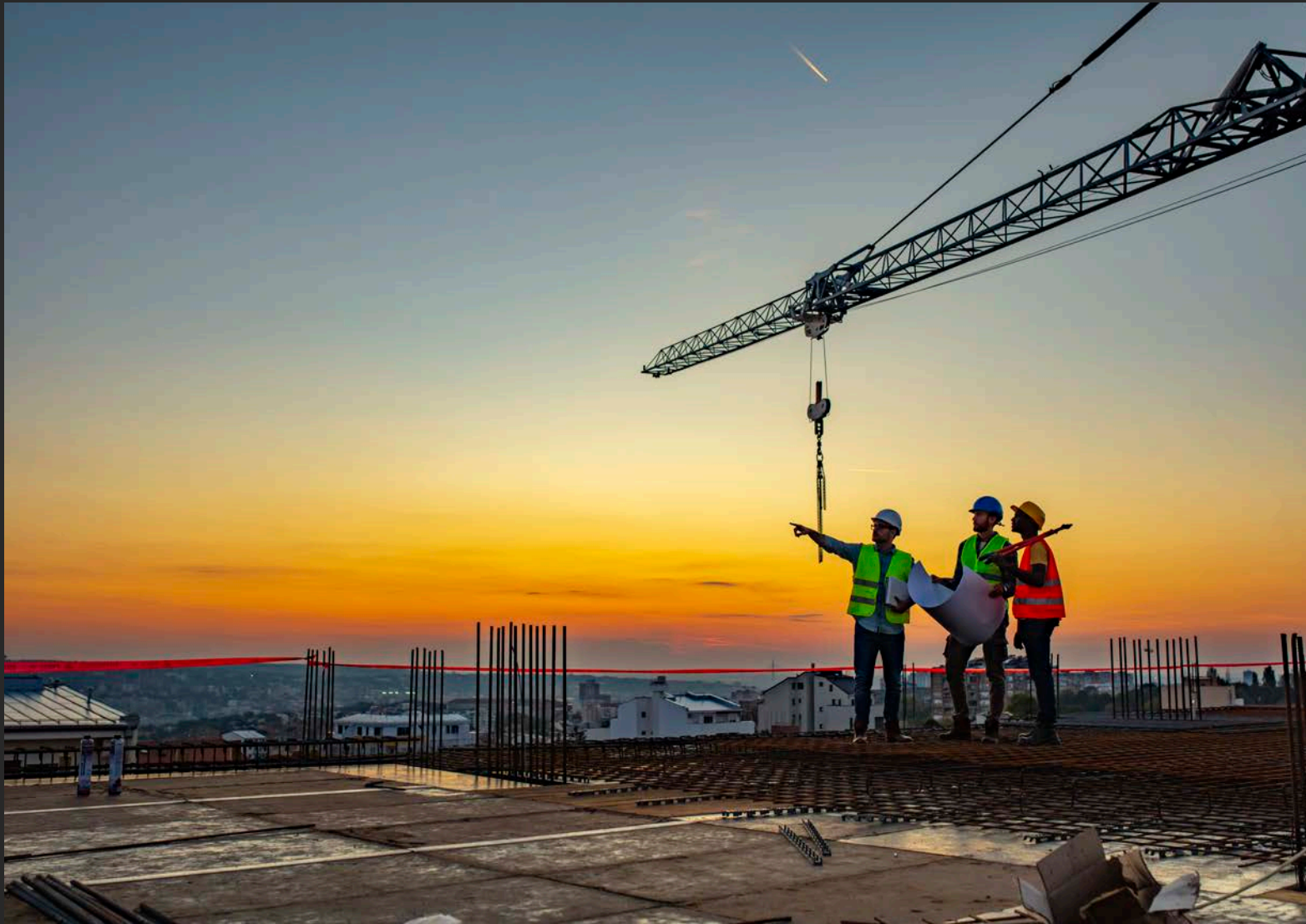
Employers should be careful in assessing the Contractor's EOT applications and consider their merits fully.

We recommend that instead of waiting for the Contractor to serve the notification on the Employer, if the Employer's response is in the Contractor's view wholly unacceptable, Employers could write to the Contractor (who has already applied for EOT, citing circuit breaker) and allow EOT at least for the period of the circuit breaker.

A rejection of EOT even during the circuit breaker period may lead to the Contractor triggering the assessor determination process under the Act.

CHECK IN WITH YOUR LEGAL TEAM

The Act is unique and reflected the urgent need for certain temporary measures and other matters relating to the COVID-19 pandemic. It was passed by Parliament with alacrity and with all 3 readings and Presidential assent all on the same date (7 Apr 2020). We advise all clients to discuss with your in-house team and external legal Counsel for good order, on the implications of the Act.



Restarting Projects

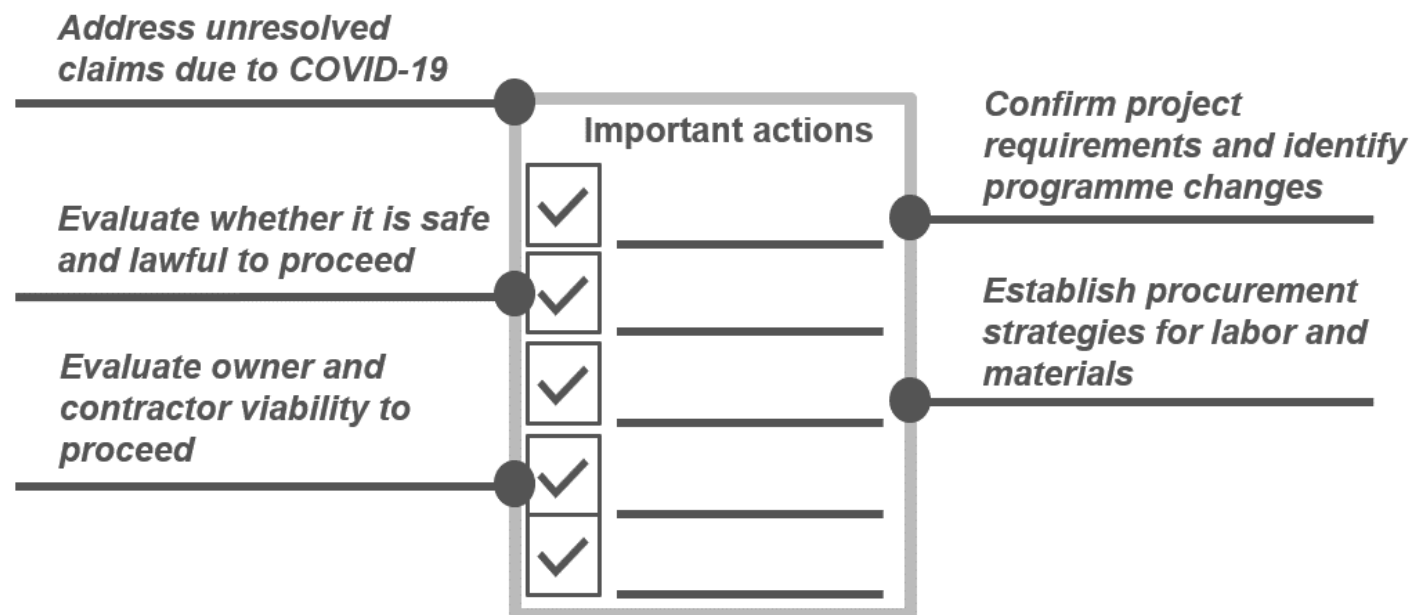
Key Considerations When Planning for Restart

COVID-19 is putting pressure on every single stakeholder in the built environment. Clients, contractors, specialist contractors and workers are part of one, interdependent and fragile system, where one failure can have a domino effect. Further outbreaks will have greater ramifications. Today, more than ever, communication and coordinated action are needed.

Key Considerations

When Planning For Restart

- Do all stakeholders and companies have in place Safe Management Measures to restart work on the project?
- Are the Contractors and Sub-Contractors able to continue work? - cashflow & financial health considerations
- Shortage of necessary materials and equipment – are there alternatives?
- Are there other time-related non-construction issues?
- Which stakeholders to re-engage?



Potential Project Issues Due to Shutdown

- EOT requests and delays
- Cost burdens due to
 - Demobilisation and remobilisation efforts
 - Related office / site overheads, idle equipment
 - COVID-Safe restart criteria, including swab tests requirements
- Disruption due to new working conditions, safe site management, labour and material shortages
- Schedule revision impacts
- Business devastation caused by shutdown or suspension



Evaluate Whether Site Is Covid-Safe and Restart Ready

Gradual Resumption of Construction Work

- Based on BCA's 15 May Announcement, resumption of work to be in a phased and controlled manner after the circuit breaker period ends on 1 June 2020.

Has the site met Covid-Safe Restart Criteria?

- **COVID-Safe Workforce** – Daily health status tracking system, manage workers' interaction on rest days, regular COVID-19 testing
- **COVID-Safe Worksite** – Use of SafeEntry, strict safe management measure (e.g. workers segregation, staggered breaks)
- **COVID-Safe Worker Accommodation and Transport** – Cohorting workers by projects at their accommodations, dedicated transport arrangement
- Have foreign workers and other required project personnel been tested and cleared?
- All works require BCA's approval before restart

Other site safety management considerations

- Who can return to work?
- Other new health and safety measures (e.g. identification / tagging of workers for safe segregation, more washing facilities)
- Assessment / Cleaning / Sanitation of the jobsite
- Availability of adequate PPE
- Site safety personnel – especially in relation to workers' segregation and staggered working routine
- Delivery and logistics arrangements and procedures
- Emergency and evacuation plans for managing suspected cases
- Consider Technology-enabled solutions and tools

The project you left when you closed the gates may not be the same project when you return after COVID-19.



Supply Chain Resilience

Best Practices for Managing Labour and Material Shortage

The Singapore's construction industry is constantly faced by challenges of limited contracting resources from certain categories of works and construction costs are driven by external factors as most of the resources are imported from overseas.

Impact on Supply Chains

The construction industry was one of the first few industries to feel the immediate impact since February as majority of the construction workers were stranded in Mainland China and are still not able to return in full force. Construction materials supply from China were disrupted as well.

On-going construction projects are facing project delays due to supply chain (i.e. labour and materials) disruptions from countries imposing total lockdowns and tighter measures. This further curtailed the entry of work pass holders locally to prevent the spread of the virus.

The situation worsened when Malaysia imposed movement control order since 18 March. Precast yards and factories in Malaysia have halted production leading to a delay in the delivery of PPVC modules, precast components and other construction materials hence causing a delay in projects schedule.

The industry is also facing labour shortages from specialist trades like piling equipment, excavators and cranes operators, electricians and plumbers from Malaysia.

Further supply chain disruptions include high end finishing materials such as tiles, stones, sanitary wares, fittings & accessories imported from Italy, France, US, UK, etc.

The situation was further dampened when Singapore announced the “circuit breaker” measures on 7 April 2020 where construction activities came to an almost complete halt (except the listed essential services and their related supply chains).

According to news report, the delay could be from 3 to 6 months or longer depending on how the COVID-19 situation evolves and the measures taken to contain the spread.

Contractors are seeking Extension of Time (EOT) for their projects’ completion while sourcing for supply chain alternatives.

Will there be sufficient resources such as labour, material and equipment available to maintain the “restart” baseline schedule or even make a progressive restart? Some materials may be unavailable regionally and internationally. Additionally, there is a window of time needed for materials to be manufactured.

While material and labour shortages could inevitably result in price escalations, the industry should brace itself for wider adoption of design alternatives to overcome shortages. In the next few slides, we discuss alternatives to mitigate this impact coupled with how the Government has rolled out support measures and relaxed requirements.

Labour Shortage

As many Chinese migrant workers have yet to return to Singapore due to travel restrictions, many migrant workers may still be placed under quarantine when Circuit Breaker measures eased from 2 June 2020.

With clear constraints in the labour market, here are proposed solutions for both the short term and long term.

Short Term Alternatives

As part of the Expansion of Temporary Scheme to Help Business Manage Manpower Needs developed by the Ministry of Manpower and Singapore Business Federation, with effect from 1 April 2020 extra manpower from other sectors can be re-deployed to the construction sector, extended till 31 August 2020. This includes:

- Allowing inter-sectoral transfer of foreign workers for all sectors, with the agreement of their current employers, as opposed to the previous rule that only allows transfers within the respective sectors.
- Allow transfers of foreign workers whose work permits are within 40 days of expiry for all sectors which is an extension of a scheme that exists for the construction and process sectors for transfers within their own sectors. Agreement from the current employer is not needed.
- Firms can visit the Singapore Business Federation and Ministry of Manpower website for more information or do a search for eligible workers for transfer via the Foreign Construction Workers Directory System online.

Source: [Ministry of Manpower, 1 April 2020](#)

Long Term Alternatives

- Attract, retain and re-train more locals with different skillsets to join the construction industry.
- Encourage builders to adopt labour-efficient construction methods such as a wider adoption of Design for Manufacture and Assembly (DfMA).
- Increase workers' salary or improving employees' fringe benefits. For instance, better accommodation and leave entitlements. However, this will inevitably lead to an increase in construction costs.
- Retain existing foreign skilled workers through continuous re-employment, workers become more proficient, thus resulting in an increase in industry productivity.

Materials Shortage

One of the immediately visible impacts of COVID-19 on the industry was the disruption to global supply chains. To tackle materials shortage, the industry could consider the following solutions:

1. **Source alternatives** from other countries where lockdowns have been lifted. Majority of our concrete PPVC carcass are manufactured overseas like Malaysia and China.
 - In the short term, it may not be economical to shift production to China as it takes a longer lead time for the modules to arrive in Singapore.
 - The industry can also consider **conventional cast in-situ construction**. However, it must be taken into consideration that this could affect buildability scores and productivity.
 - Industry can begin to **build up local supply** by encouraging more firms to set up manufacturing facilities in Singapore.
 - Alternatively, encourage firms to **relocate their overseas manufacturing yard** to Singapore.
2. As part of the **Building and Construction Authority (BCA) COVID-19 support measures**, firms should be aware of the waiver allowing builders to do partial on-site installation of finishing works for PPVC and Prefabricated Bathrooms for projects affected by delays of construction material deliveries from other countries.
3. **Diversify** the source of materials from different countries
4. **Accelerate supplier management**. When the crisis subsides, active leadership and strong supplier relationships will be essential to re-establish work programmes and to clear backlogs as quickly and efficiently as possible. Clear, reliable demand signals, advanced orders, capability development, and improved payment terms are all levers to consider.



Cost Impact

Short Term and Long Term Impacts

In the midst of unprecedented market challenges, as well as the COVID-Safe Restart Criteria announced on 15 May, construction cost escalation for 2020 is likely to increase from the earlier forecast of 0% to +2%.

We have evaluated both short term and long term impacts from the next six months up to two years.

Cost Impact

Short Term Impacts

Next 6 to 12 months

The impact of labour shortages and disruption of materials supply will inevitably increase tender prices.

The additional safe measurement measures to be put in place to provide a safe working environment and prevent further transmissions at construction worksites is likely to increase construction cost.

On the other hand, construction volume is likely to reduce as projects are put on hold or taken off the shelf as developers become more cautious due to further dampening of the sluggish global economy.

With the current COVID-19 global situation together with the reduction of construction volume in Singapore, contractors will tender cautiously and selectively while trying to stay competitive to fill up their order books.

As such, unless there is a change in the Government Policy to reduce employment of foreign workers for construction works with consequential increase in foreign labour cost, construction cost in the next 12 months is anticipated to increase by an estimated **8% to 10%**, the actual level is dependent on the prevailing market sentiment and COVID-19 situation.

Long Term Impacts

Beyond 12 months up till 24 months

In view of the likelihood that COVID-19 pandemic outbreak could last for 2 years and its serious negative impact on the global economy, it is likely to cause a drastic drop in construction activities, especially in the private sector.

There is no sight of when COVID-19 is going to end so the long-term impact remains uncertain.

Looking ahead, strong relationships with suppliers will be integral to re-establishing work programmes and clearing backlogs as efficiently as possible, whilst also preparing for post COVID-19 opportunities.

The additional COVID-19 safe management and safe distancing measures is likely to increase construction cost.

Steps to curb transmission will raise construction costs

The measures to keep Covid-19 transmission low in the construction sector are bound to increase costs for contractors, which they will have to bear in principle.

National Development Minister Lawrence Wong said at a press conference yesterday that construction costs will rise as a result, and all in Singapore must be prepared to bear them.

As the construction sector prepares to start its engines again from June 2, after the circuit breaker ends on June 1, the authorities aim to implement a regular Covid-19 testing regime for workers at a proposed interval of two weeks.

Mr Wong said the number of workers being tested will depend on the number resuming work, but this will be scaled up progressively.

"We want to test all the workers who will be resuming work and it will be done on a regular basis. This will be a new regulatory requirement on top of all the other safe distancing measures that we have put in place... that contractors will now have to uphold."

Building and Construction Authority chief executive Hugh Lim said the details of the testing regime are still being worked out with the Ministry of Health (MOH) to ensure that its scale and frequency can be fully supported once construction activity resumes.

Though the costs will be borne by employers in principle, he said they and MOH were working out how costs can be spread among the different parties involved.

Olivia Ho

ALL OF US MUST BE PREPARED

I have no doubt that it will mean construction costs in Singapore will be higher because of these regulatory requirements and all of us have to be prepared to pay this higher cost, because we want construction work to be done safely in Singapore from henceforth.



NATIONAL DEVELOPMENT MINISTER LAWRENCE WONG, on the costs of new measures such as regularly testing construction workers for Covid-19.

Source: [The Straits Times, 16 May 2020](#)

Construction firms cite practicality, cost concerns in criteria for restarting work

The new social distancing measures will also take time to implement and ingrain

By Leila Lai and Sharon See
 leilal@sph.com.sg
 @LeilaLaiBT
 sharons@sph.com.sg
 @SharonSeeBT
 Singapore

COMPANIES in the construction industry are concerned about higher costs and practicality of implementing new workflows and tightened measures at workites and dormitories, even as they look forward to gradually resuming work under new criteria outlined on Friday by the Covid-19 multi-ministry taskforce.

Starting from June 2, some construction projects and suspended residential renovation works will be allowed to resume, subject to meeting certain safe-restart criteria. These include contact tracing and regular Covid-19 testing for the workforce, as well as safe-distancing measures at workites and dormitories.

Kurt Wee, president of the Association of Small and Medium Enterprises (ASME), said many companies will struggle to resume work quickly, as segments of their workforce may still be in quarantine come June. The new social distancing measures will also take time to implement and ingrain.

Limited (SCAL) said that the measures announced on Friday are "very much in line" with discussions it has had with the Building and Construction Authority (BCA) over the past three weeks.

"Having said that however, there will still be many practical issues that will need to be ironed out, especially in workers' accommodation and implementing proper social distancing in transportation and at the workites," said SCAL president Ng Yek Meng.

He acknowledged that projects will be delayed since only about 10 to 15 per cent of workers have been cleared to resume work, but added that a critical parameter is getting healthy workers into safe accommodation. SCAL is initiating a programme to identify alternative sites to house these workers.

Jay Chiu, managing director of interior fit-out and furnishing firm Grandwork Interior, said many companies will be eagerly working to meet the new criteria over the next two weeks. His company has already set up Quick Response (QR) codes at every worksite for contact-tracing purposes.

However, he highlighted that safe-distancing measures may sometimes be impractical. "Sometimes you need up to 10



"Costs are going to go up, because obviously you need a much bigger space to house the workers, and need to have a lot more health and safety measures in place."

Source: [The Business Times, 16 May 2020](#)



Factoring New Risks into Contracts

With COVID-19 resulting in delays, disruption and impacting many companies, we foresee a need to factor new risks into contracts in the future.

- To lessen risk pricing by Contractors, we recommend that Fluctuation Clauses for specified materials be included in all future Contracts
- Contracts to factor in Business Continuity Plans to anticipate any new or repeated Circuit Breaker measures
- Companies to consider reviewing frequency of payment to suppliers to ease cashflow

Conclusion

The future of the construction sector remains uncertain, and the industry is facing unprecedented challenges amidst a global health and economic crisis.

The change and impact of the COVID-19 pandemic will have companies' supplier management, contract management and business resilience tested.

Even as we begin a calibrated restart of construction activities, we hope the pointers that we have provided in this publication will be a useful resource for companies navigating through project challenges that have arise as a result of the pandemic.

The pandemic has also demonstrated to us that we have only just scratched the surface of how we need improve on our former ways of workings and highlighted a greater urgency to embrace a transformation of our industry to a larger extent.

Arcadis is committed to assist our clients successfully during this unsettling time. Please reach out to us so we can help with recovery efforts, and/or immediate needs around mitigating the impact on people and business. We are ready to provide relevant insights and advice, as well as dedicated to serving our clients amid this difficult time.



Contact Us



Tim Risbridger
Head of Singapore
Tim.risbridger@arcadis.com



Josephine Lee
Executive Director, Cost Management
and Quantity Surveying
Josephine.lee@arcadis.com



Amos Cheong
Head of Project & Programme Management
and Business Advisory
Amos.cheong@arcadis.com



Sreekanth APV
Executive Director, Head of Design & Engineering,
Singapore
Sreekanth.APV@arcadis.com



Jenny Ku
Executive Director, Cost Management
and Quantity Surveying
Jenny.ku@arcadis.com



Richard Warburton
Executive Director
Richard.warburton@arcadis.com