

28 May 2026

Dear Sir/Madam

CIRCULAR ON EXTENSION OF EX-GRATIA COST SHARING FOR DIESEL AND BITUMEN IN ONGOING CRITICAL PUBLIC SECTOR CONSTRUCTION CONTRACTS

This circular informs contractors involved in ongoing critical public sector construction contracts on the extension of ex-gratia cost sharing for diesel and bitumen in response to the Middle East conflict until 30 June 2026.

Background

2 Since the outbreak of the Middle East conflict in early March 2026, diesel and bitumen prices have increased significantly and have remained elevated compared to pre-conflict levels. Contractors involved in works with heavy reliance on diesel-powered machinery, vehicles, and vessels, such as earthworks, foundation/piling works, roadworks, and reclamation, are amongst the most severely affected and have seen significant increases in their operating costs.

3 As announced in the Ministerial Statement on 7 April 2026, Government Procuring Entities (“GPEs”) will share the Direct Additional Cost incurred by contractors arising from the use of diesel and bitumen from 1 March 2026 to 31 May 2026 on an ex-gratia basis:¹

- a. Applicable for critical ongoing public sector construction contracts. GPEs will inform main contractors of eligible critical contracts. Main contractors may then submit their claims for cost sharing and provide the necessary substantiation for GPEs’ assessment.
- b. The cost sharing will cover 50% of the Direct Additional Cost.²

Extension of ex-gratia cost sharing for diesel and bitumen in ongoing critical public sector construction contracts

4 As the prices of diesel and bitumen remain significantly elevated compared to pre-conflict levels, the Government will extend the ex-gratia 50% cost-sharing support for the Direct Additional Costs incurred from the use of diesel and bitumen by another month until 30 June 2026. Qualifying construction activities include earthworks, foundation/piling works, reclamation works, roadworks, and demolition works.

¹ Refer to BCA’s “Circular on Ex-gratia Cost Sharing for Diesel and Bitumen in Ongoing Critical Public Sector Construction Contracts” dated 7 April 2026.

² Direct Additional Cost refers to the increase in costs arising from the use of diesel and bitumen to carry out the qualifying construction activities.

5 The procedures for submitting the above-mentioned claims and the requirement for the main contractors to pass down the appropriate portion of ex-gratia payment to subcontractors, remain unchanged from the circular dated 7 April 2026.

Private sector projects

6 Private sector developers are strongly encouraged to co-share the relevant cost increases with their contractors.

Clarifications

7 For clarification on this circular, please submit your queries at <https://www.bca.gov.sg/feedbackform/>.

Thank you.

Ang Lian Aik
Group Director (Business Development Group)
Building and Construction Authority

(Transmitted via email)



Annex: Details of Cost Sharing for Diesel and Bitumen

S/N	Parameters	Details
a.	Eligibility	Applicable for critical ongoing public sector construction contracts
b.	Period of Cost Sharing	From 1 March 2026 to 30 June 2026
c.	Amount of Cost Sharing	The cost sharing will cover 50% of the Direct Additional Cost, i.e. the increase in costs arising from the use of diesel and bitumen to carry out the following construction activities: <ul style="list-style-type: none"> a. Earthworks (e.g. tunnelling, excavation, transportation of excavated materials) b. Foundation/Piling works (e.g. diaphragm wall) c. Reclamation works d. Roadworks e. Demolition works
d.	Procedure for submitting ex-gratia claims	<ul style="list-style-type: none"> • GPEs will inform main contractors of eligible critical contracts. • Main contractors are to collate the diesel and bitumen usage for all relevant subcontractors and suppliers involved in providing works for the contract for the relevant month(s). • Main contractors are to include a breakdown of how the ex-gratia payment would be distributed among the parties as part of the submission of the claim to GPEs for assessment. • Upon receipt of the claim, GPEs will verify the substantiation submitted by the main contractors and provide the ex-gratia payment to the main contractors. As the cost sharing is an ex-gratia arrangement, GPEs' decisions are final. • GPEs may make arrangement with main contractors to simplify certain substantiation procedure where applicable (e.g. by agreeing on a common rate for diesel/bitumen price difference in lieu of submission of daily diesel quotations, or using a fixed percentage of monthly progress payment as a proxy on diesel/bitumen usage).
e.	Passing down the appropriate portion of ex-gratia payment to subcontractors	<ul style="list-style-type: none"> • The main contractors are to ensure that the relevant payments are passed down to the relevant subcontractors or suppliers. • Main contractors may be required to submit records of their payment responses issued to their subcontractors and/or suppliers upon the GPEs' request. • If the main contractors fail to submit the required documents, GPEs reserve the right to notify and recover any ex-gratia payment in subsequent interim payment where applicable.