

MEDIA RELEASE

LAUNCH OF NEC4 CONTRACT FOR CONSTRUCTION AND ENGINEERING PROJECTS IN SINGAPORE

Singapore, 29 April 2024 – The Building and Construction Authority (BCA) announced the launch of NEC4 contract for construction and engineering projects in Singapore at the BuildSG Leadership Engagement and Development (LEAD) Summit 2024 at the Sands Expo & Convention Centre, Marina Bay Sands. BCA, together with NEC¹, have developed a set of additional contract clauses (Y clauses) to align NEC4 contract² with Singapore's laws³. This will facilitate the use of NEC4 contract in construction and engineering projects in Singapore. The launch marks another milestone in promoting collaborative contracting in Singapore's built environment sector in line with the Built Environment Industry Transformation Map (BE ITM).

Collaborative Contracting in Singapore

2 To widen the adoption of collaborative contracting in Singapore, BCA has been driving efforts which include identifying pilot projects to use the Public Sector Standard Conditions of Contract (PSSCOC) Option Module⁴ and more recently, NEC4 contract. Thus far, public sector developers such as the Housing and Development Board (HDB), JTC Corporation (JTC), and Land Transport Authority (LTA) will be piloting the use of NEC4 contract in their upcoming projects. BCA will work with industry partners to facilitate the adoption of NEC4 contract in their projects as suitable opportunities arise.

¹ NEC is a division under Thomas Telford Ltd, the commercial arm of the Institution of Civil Engineers (ICE), the owner and developer of NEC suite of contracts.

² NEC4 contract is the latest edition of a suite of collaborative contracts for construction and facilities management projects. The Y clauses are developed to align NEC4 with Singapore's laws when used for the appointment of a contractor for engineering and construction work. For more information on NEC4 contract, please visit <https://www.neccontract.com/>

³ The Building and Construction Industry Security of Payment Act 2004, The Contracts (Rights of Third Parties) Act 2001, The Insolvency, Restructuring and Dissolution Act 2018, The Prevention of Corruption Act 1960 and The Penal Code 1871.

⁴ The Option Module comprises of a set of collaborative clauses to be used together with the PSSCOC which is a common contract form used for all public sector construction projects in Singapore.

3 Commenting on the significance of the launch, BCA CEO Mr. Kelvin Wong said, “Collaborative contracting seeks to overcome the issues in conventional construction contracts; it builds trust, strengthens communication, and facilitates a more balanced share of risks among contracting parties. It also nudges parties to consider and implement solutions to address the issues identified to avoid additional costs and project delays. Having seen the positive impact of NEC4 contract in overseas projects, we encourage our industry partners to adopt the use of NEC4 contract in their projects. It is a step forward in our collective commitment to drive excellence and collaboration in project delivery, in line with our refreshed Built Environment Industry Transformation Map goals.”

Benefits of NEC4 Contract

4 NEC4 contract originated from the United Kingdom and has been adopted in overseas jurisdictions (e.g. United Kingdom and Hong Kong) with demonstrated success in project delivery.

5 Mr. Sathia Jagateesan, Partner at law firm Allen & Gledhill LLP, said “Collaborative contracting allows project parties to have better time and cost control, better management of risks and efficient project management. Compared to conventional lump-sum contracts, collaborative contracts such as NEC4 contract provides a target cost option which allows project parties to share cost savings or overruns when they occur. This could encourage project parties to resolve issues early and explore more productive solutions together.”

6 Mr. Peter Higgins, Chair of the NEC4 Contract Board welcomed the release of these Y clauses saying, “These Y clauses provide contracting parties in Singapore with the necessary provisions to fully implement NEC4 contract for engineering and construction projects and achieve the benefits of the contract form’s collaborative approach.”

Raising Competencies in Collaborative Contracting

7 With the launch of NEC4 contract in Singapore, built environment sector now has more options to consider when adopting collaborative contracting in their projects for better project delivery. Private and public sector developers can start their collaborative contracting journey early by adopting the PSSCOC Option Module or NEC4 contract. Some consultancy firms and contractors have proactively undergone training to deepen their knowledge on NEC4 contract and other collaborative contracting provisions.

8 In anticipation of the training demand, the BCA Academy, the Singapore Academy of Law, Institutes of Higher Learning (e.g. Singapore University of Social Sciences), industry associations (e.g. SCAL, ACES, SPM⁵) and firms have introduced courses and seminars to raise competencies in collaborative contracting. Moving ahead, the BCA Academy will also provide training to facilitate the adoption of NEC4 contract in the pilot projects.

9 The additional contract clauses will be made publicly available on the NEC website (<https://www.neccontract.com/Singapore-Y-Clauses>) on 1 May 2024. For further inquiries and support on collaborative contracting, firms may contact BCA directly.

Factsheets:

Annex – Factsheet on NEC4 contract

⁵ The Singapore Contractors Association Ltd (SCAL), The Association of Consulting Engineers Singapore (ACES), Society of Project Managers (SPM)