Building and Construction Authority

An MND Statutory Board
52 Jurong Gateway Road #11-01 Singapore 608550
Tel. 1800 3425 222 | Fax. (65) 6334 4287
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29 July 2026

Dear Sir/Madam

CIRCULAR ON EXTENSION OF EX-GRATIA COST SHARING FOR DIESEL AND BITUMEN IN ONGOING CRITICAL PUBLIC SECTOR CONSTRUCTION CONTRACTS UNTIL 30 SEPTEMBER 2026

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

Background

2 Since the outbreak of the Middle East conflict in early March 2026, diesel and bitumen prices have increased significantly and 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, reclamation works, and demolition works, 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") have been sharing, on an ex-gratia basis, the Direct Additional Cost incurred by contractors from the use of diesel and bitumen for the period from 1 March 2026 to 31 May 2026.[1] This support was subsequently extended to 31 July 2026.[2]

a. This is applicable to critical ongoing public sector construction contracts. GPEs will inform main contractors of eligible critical contracts. Main contractors may then submit claims for cost sharing and provide the necessary substantiation for GPEs' assessment.
b. The cost sharing covers 50% of the Direct Additional Cost.[3]

[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] Refer to BCA's "Circular on Extension of Ex-gratia Cost Sharing for Diesel and Bitumen in Ongoing Critical Public Sector Construction Contracts" dated 28 May 2026 and "Circular on Further Extension of Ex-gratia Cost Sharing for Diesel and Bitumen in Ongoing Critical Public Sector Construction Contracts" dated 26 June 2026.
[3] Direct Additional Cost refers to the increase in costs arising from the use of diesel and bitumen to carry out the qualifying construction activities.

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

4 In view of the continued elevated prices of diesel and bitumen, the ex-gratia 50% cost-sharing will be extended until 30 September 2026. This extension will continue to provide temporary relief to contractors affected by the significantly higher prices of diesel and bitumen and help mitigate the impact of market volatility on ongoing critical public sector construction contracts.

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

Clarifications

6 For clarifications on this circular, please submit your queries at https://www2.bca.gov.sg/feedback/.

Thank you.

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Building and Construction Authority

(Transmitted via email)

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Annex: Details of Cost Sharing for Diesel and Bitumen

S/N	Parameters	Details
a.	Eligibility	Critical ongoing public sector construction contracts
b.	Period of Cost Sharing	From 1 March 2026 to 30 September 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: 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	• 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 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 arrangements with main contractors to simplify certain substantiation procedures 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	• 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 the main contractors and recover any ex-gratia payment in subsequent interim payments where applicable.