

OPENING SPEECH

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MALAYSIA

CIDB STANDARD FORM OF CONTRACT FOR BUILDING

WORKS 2022 SEMINAR

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UNIVERSITI SAINS MALAYSIA

[Salutations]

Datuk Ir. Ahmad 'Asri Abdul Hamid
Chief Executive, CIDB Malaysia

Professor Dato' Ir. Dr. Abdul Rahman Mohamed
Vice-Chancellor, Universiti Sains Malaysia (USM)

To be
confirmed

Prof. Madya. Ts. Dr. Mohd Rodzi Ismail
**Dean, School of Housing, Building and Planning
Universiti Sains Malaysia (USM)**

Distinguished members of the floor,

Valued industry stakeholders and collaborators, distinguished guests, ladies and gentlemen.

Assalamualaikum w.b.t, and a very good morning.

Opening Remarks

1. Today marks the soft launch of CIDB's nationwide roadshow sessions, aiming to promote the amendments of the CIDB Standard Form of Contract for Building Works. This roadshow is specifically designed to engage various stakeholders, including government agencies, developers, contractors, consultants, suppliers and academia.

2. I am truly delighted to have the honor of officiating this first roadshow session in the form of a seminar. I would also like to extend my gratitude to Universiti Sains Malaysia for their hospitality and support in making this seminar a resounding success.

Review of CIDB Standard Form of Contract for Building Works 2000 Edition

3. Today, as we commence this roadshow, it is crucial to delve into the backstory that has led us here. We have gathered to celebrate a significant milestone - the latest CIDB Standard Form of Contract (CFOC) for Building Works, 2022 edition! However, let us not overlook the formidable challenges the construction industry has confronted, particularly amidst the global COVID-19 pandemic. Contractors and government agencies alike have grappled with project delays, cost escalations, and contractual complexities.

4. These hurdles have tested the resilience of the construction industry, prompting CIDB to take proactive measures. Recognizing the need for effective solutions and alternative dispute resolution mechanisms beyond litigation and arbitration, CIDB has initiated a collaborative effort. Working in conjunction with industry stakeholders, the CIDB Standard Form of Contract (CFOC) Review Technical Committee has been established in November 2021. The committee comprises experts from various sectors, including clients, contractors, professionals, legal experts and academia.

5. The revised CIDB Standard Form of Contract has undergone meticulous refinement, striving to uphold fairness and equity for all contracting parties while addressing the industry's present demands. The committee's dedicated efforts culminated in the approval of the first draft of the reviewed CIDB contract form on December 14, 2022.

Emphasizing Collaborative Contract

6. Notably, this edition incorporates the concept of "collaborative contracts" which is a contractual agreement among project participants in construction projects that promotes collaboration, cooperation, and shared risk and reward. It is a transition from traditional contractual arrangements where parties primarily focus on their own interests and responsibilities.

7. Collaborative contracts aim to ensure that all project stakeholders work together towards a common goal, maximize efficiencies, and reduce conflicts and disputes. By having a collaborative contract, the parties involved in projects can avoid disputes and focus more in completing a project on time and within the budget.

8. The current practice of having Adversarial Contracts have led to many disputes and these have in a way hinder the progress of projects implementation. In 2022 alone, 532 construction disputes

cases were registered at Construction High Court and yet to be resolved. The number of disputes need to be reduced as unresolved and prolonged disputes are counterproductive to the development of construction industry. On this note, CIDB would like encourage more industry players to adopt and adapt collaborative contract which is the core feature of the CIDB Form of Contract for Building Works 2022 Edition.

The Early Warning System

9. Drawing inspiration from the Hong Kong New Engineering Contract (NEC), the revised edition of CIDB Form of Contract also incorporates enhancements such as the inclusion of Early Warning System, amendments to Compensation Events (CE), and Dispute Resolution Mechanism (DRM) clauses.

10. Throughout this journey, the DRM and particularly the Dispute Resolution Board (DRB) proposal emerged as a pivotal element. The committee recognized the necessity of establishing a comprehensive review mechanism to mitigate prolonged disputes within the construction industry, averting the need for arbitration or litigation. The DRB plays a vital role in safeguarding against conflicts escalating into full-blown disputes. Nevertheless, another layer of ‘avoiding dispute’ is through mediation services which is greatly encouraged under the CIDB Form of Contract.

Conclusion

11. Today signifies a significant milestone after a cycle of 22 years. The CIDB Standard Form of Contract for Building Works Edition 2022 is poised to reshape the industry, offering enhanced efficiency and efficacy. This achievement has been made possible through the unwavering dedication and contributions of all parties involved. I extend my sincere appreciation to the committee members and the public for their active participation in the Virtual Public Comment Session. Your invaluable engagement serves as a testament to your profound commitment to the growth of the construction industry in Malaysia, and CIDB wholeheartedly values your perspectives.

12. On behalf of CIDB Malaysia, I am eager to witness the success of this roadshow and witness how the industry stakeholders benefit from the improvements introduced in the CIDB Standard Form of Contract 2022.

***Bismillahirrahmanirrahim*, In the name of Allah, The Most Gracious and The Most Merciful, I WOULD LIKE TO ANNOUNCE THE SOFT LAUNCHING OF CIDB STANDARD FORM OF CONTRACT FOR BUILDING WORKS 2022 EDITION!**

Thank you all for your attention.