



REDAS Comments – COVID 19 (Temporary Measures)

11 May 2021

Dear Members,

REDAS Comments - COVID-19 (Temporary Measures) (Amendment No. 3) Bill on Manpower Costs

In response to Business Times's request for REDAS comments to the above-mentioned Bill introduced yesterday during the parliament sitting, we have provided REDAS comments as follows :

We appreciate the Government's latest decision to extend temporary relief measures to help the construction sector amid manpower crunch and increase in manpower cost. The proposed law aims to facilitate co-sharing of manpower cost in on-going contracts and allow time for parties to negotiate to reach a compromise. We are sympathetic and fully understand the difficulties and near-term which contractors are facing.

Whilst we are supportive of such relief measures, many of our members have feedback that developers have been bearing the heavy burden of supporting their main contractors and the many value chain partners in the industry in terms of extension of time and prolongation cost sharing based on the earlier directives. Due to the delay in completion as a result of the pandemic, developers also suffer additional cost such as additional property taxes, land holding cost, additional bank interest incurred due to delayed collection of progress payments, additional management and site staff cost.

We would therefore appreciate the Government's understanding that property developers are also badly affected by disruptions to construction timelines, rising construction and other related costs which have escalated significantly in recent months. On top of these, the heavy potential penalty of land ABSD and late Vacant Possession delivery penalty if projects are delayed also weigh heavily on developers' readiness to bear the cost sharing burden.

Attached is a copy of the Bill which was read the first time on 10 May 2021. It will be passed after the 2nd Reading today.

Thank you
With Best Regards
Chua Geok Lee

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