

Construction Cost Review

ISSUE 1 | FIRST QUARTER 2023

Singapore Market Overview

On 25 May 2023, the Ministry of Trade and Industry (MTI) announced that Singapore's economy grew by 0.4% on a year-on-year basis in 1Q2023, and the GDP growth forecast for Singapore was maintained at "0.5 to 2.5%" with growth likely to come in at around the mid-point of the range.

ECONOMY			
↓ GDP Growth per annum	4Q21 – 4Q22 (+) 2.1%	1Q22 – 1Q23 (+) 0.4%	Projected GDP growth 2023 (+) 0.5%–2.5%
↓ Inflation Rate (CPI) per annum	Dec 21 – Dec 22 (+) 6.5%	Mar 22 – Mar 23 (+) 5.5%	Projected Inflation Rate 2023 (+) 5.5%–6.5%

Source: Ministry of Trade and Industry

SUPPLY AND DEMAND		
BCA Construction Demand	1Q23 S\$7.00 Bn	Projected demand 2023 \$27–\$32 Bn
BCA Construction Output	1Q23 S\$8.17 Bn	Projected output 2023 \$30–\$33 Bn

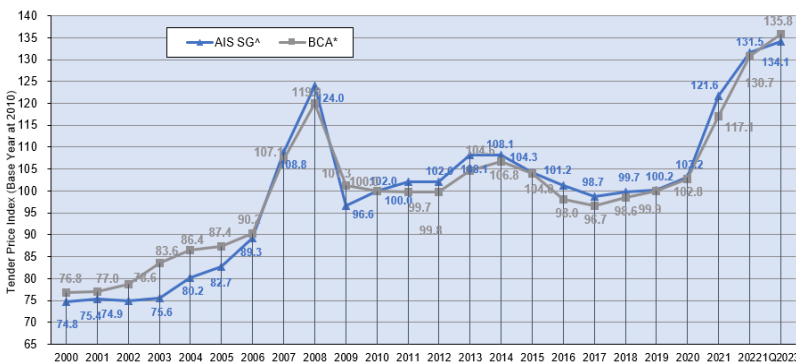
Source: Building and Construction Authority

TENDER PRICE INDEX

CONSTRUCTION COST TREND			
↑ BCA Tender Price Index	4Q22 133.9	1Q23 135.8	Quarter to Quarter (+) 1.4%
↑ AIS Singapore Tender Price Index	4Q22 131.5	1Q23 134.1	Quarter to Quarter (+) 2.0%

Source: Building and Construction Authority

AIS Singapore TPI is a measure of the comparative tender price movements based on the projects by AIS Singapore. The TPI reflects the tender price level of contracts let out over the years. Other than material and labour costs, it takes into account the elements of competition, risk and profits.



Source: * Building and Construction Authority as at 19 May 2023.

Note: With effect from the 1st Quarter of 2015, BCA has implemented the new TPI series with Base Year 2010 = 100. The TPI chart shown above has been amended accordingly to reflect the Base Year as Year 2010.

* From 2009 onwards, AIS Singapore TPI based on 4th Quarter index and inflation reflected based on year-on-year comparison (e.g. 4Q09 vs 4Q08).

Based on Asia Infrastructure Solutions ("AIS") Singapore's data, tender prices for 1Q2023 have increased compared to 4Q2022. This is mainly driven by the increase in material prices and labour costs. Looking ahead, key construction material prices are expected to remain stable, but labour costs are anticipated to increase. The price movement for the next twelve months is anticipated to be in the range of +3% to +6%, the actual level depending on the prevailing market sentiment and any adverse ramifications of the prevailing economic instability.

Market & Labour

Based on BCA's data, the 1Q2023 average market price of Steel Bars and Granite decreased as compared to 4Q2022. The 1Q2023 average market price of Copper and Concreting Sand, on the other hand, increased during the same period. Cement and Ready Mixed Concrete market price remain stable over 1Q2023.

Material	1Q2023 – Market Price	Price Trend
Cement (Ordinary Portland Cement)	S\$118.20 – S\$118.50 /tonne	→
Steel Bars (16-32mm high tensile)	S\$922.60 – S\$946.60/tonne	↘
Granite (20mm aggregate)	S\$18.30 – S\$19.00/tonne	↘
Concreting Sand	S\$28.20 – S\$29.20/tonne	↗
Ready Mixed Concrete	S\$116.80 – S\$118.10/m ³	→
Copper	US\$8,833.65 – US\$8,998.76/tonne	↗

Source: Building and Construction Authority / London Metal Exchange

NOTES

- Market prices of Steel Bars (without cut & bend): Based on fixed price supply contracts with contract period 1 year or less. Prices of Steel Bars other than 16-32mm dimensions may subject to surcharge.
- Market prices of Concreting Sand exclude local delivery charges to concrete batching plants.
- Market prices of Ready Mixed Concrete: Based on contracts with non-fixed price, fixed price and market retail price for Grade 40 pump

Pre-Covid vs Current

The COVID-19 pandemic over the past three years has significantly affected construction costs in Singapore. Below is the comparison summary of key construction data between Pre-COVID (4Q2019) and current (1Q2023).

	Pre-COVID (4Q2019)	Current (1Q2023)	Changes
Tender Price Index (AIS)	100.2	134.1	(+) 34%
Tender Price Index (BCA)	100.2	135.8	(+) 36%
Unit Labour Cost Index	101.5	150.7	(+) 48%
Concrete Price Index	122.0 (Dec 2019)	152.1 (Mar 2023)	(+) 25%
Steel Rebar Price Index	93.2 (Dec 2019)	123.5 (Mar 2023)	(+) 33%

Source: Building and Construction Authority / Department of Statistics

NOTES

Unit Labour Cost is the average cost of labour per unit of real output. It is computed as Total Labour Cost (TLC) per unit of real Gross Value Added (GVA). Total Labour Cost consists of: Compensation of Employees (CoE), Labour Income of self-employed, Other labour related costs (e.g., Foreign Workers' Levy and net training costs) incurred by the employers and Wage subsidies (e.g., Wage Credit Scheme, Jobs Credit Scheme and Jobs Support Scheme) that are provided to the employers. Wage subsidies reduce the labour cost of employers and are netted off from TLC.

Approximate Building Costs: Singapore

BUILDING TYPE	S\$/m ² CFA
RESIDENTIAL	
Terraced Houses	3,300 - 3,700
Semi-Detached Houses	3,600 - 4,150
Detached Houses	4,200 - 5,600
Condominium, average standard	2,550 - 2,950
Condominium, above average standard	2,950 - 3,950
Luxury Condominium	3,950 - 5,850
OFFICE	
Offices, average standard	3,300 - 3,750
Prestige Offices	3,750 - 4,050
COMMERCIAL	
Shopping Centres, average quality	3,550 - 3,950
Shopping Centres, high quality	3,950 - 4,300
CAR PARK	
Multi-Storey Car Parks	1,150 - 1,700
Basement Car Parks	1,850 - 2,400
INDUSTRIAL	
Flatted Light Industrial Buildings	1,750 - 1,900
Flatted Heavy Industrial Buildings	1,950 - 2,600
Single Storey Industrial Buildings	1,650 - 1,800
Flatted Warehouses	1,650 - 1,800
Single Storey Warehouses	1,550 - 1,800
HOTEL (Including Furniture and Fittings)	
3-Star Hotels	4,200 - 4,600
4-Star Hotels	4,600 - 5,400
5-Star Hotels	5,400 - 6,000
HEALTH	
Private Hospitals	5,350 - 5,600
Medical Centres	4,100 - 4,300



NOTES

The construction costs above serve only as a guide for preliminary cost appraisals and budgeting. It must be understood that the actual cost of a building will depend upon the design, site conditions and many other factors and may vary from the figures shown. The costs per square metre are based on Construction Floor Areas (CFA) measured to the outside face of the external walls / external perimeter including lift shafts, stairwells, plant rooms, water tanks and the like.

All buildings are assumed to have no basements (unless otherwise stated) and are built on flat ground with normal soil conditions. The costs exclude the following:

- Land cost
- Financing charges
- Legal cost and disbursements
- Authorities' plan processing charges
- Site inspectorate
- Professional fees
- Administrative expenses
- Demolition of existing building(s)
- External works
- Furniture and fittings (unless otherwise stated)
- Operating equipment
- Cross Laminated Timber (CLT) / Glued Laminated Timber (Glulam)
- BCA Green Mark Gold Plus and above
- Goods and Services Tax
- Prefabricated Prefinished Volumetric Construction (PPVC) / Structural steel structure / Prefabricated Mechanical, Electrical and Plumbing (MEP) systems / Advanced Precast Concrete System (APCS)
- Cost escalation

Approximate Building Costs: Major Cities in Asia

BUILDING TYPE	Hong Kong	Macau	Singapore	Kuala Lumpur
	US\$/m ² CFA	US\$/m ² CFA	US\$/m ² CFA	US\$/m ² CFA
	HK\$ 7.85	MOP 8.01	S\$ 1.33	RM 4.42
DOMESTIC				
Apartments, high-rise, average standard				
- Shell and core	N/A	1,889 - 2,801	N/A	N/A
- Full fit	3,160 - 3,640	2,434 - 2,976	1,915 - 2,220	320 - 635 *
Apartments, high-rise, high-end				
- Shell and core	N/A	2,801 - 4,200	N/A	N/A
- Full fit	4,090 - 4,730	3,398 - 5,193	2,970 - 4,400	730 - 1,515
Terraced Houses, average standard				
- Shell and core	N/A	3,318 - 4,118	N/A	N/A
- Full fit	4,370 - 5,020	4,146 - 4,948	2,480 - 2,780	230 - 370 **
Detached Houses, high-end				
- Shell and core	N/A	4,010 - 5,776	N/A	N/A
- Full fit	6,340 and above	5,057 - 6,580	3,160 - 4,210	775 - 1,055
OFFICE/COMMERCIAL				
Offices, medium/high-rise, average standard	3,150 - 3,570	2,801 - 3,616	2,480 - 2,820	610 - 805
Offices, high-rise, prestige standard	3,760 - 4,310	3,616 - 3,957	2,820 - 3,045	955 - 1,370
Shopping centres, out-of-town, average standard	3,100 - 3,640	2,637 - 3,957	2,670 - 2,970	450 - 675
Retail malls, high-end	4,030 - 4,710	4,146 - 5,003	2,970 - 3,235	705 - 1,075
INDUSTRIAL				
Industrial units, shell only (conventional single-storey framed units)	2,380 - 2,980	N/A	1,165 - 1,355	330 - 465
Factories, owner operated, low rise, lightweight industry	N/A	N/A	N/A	435 - 555
HOTELS				
Budget hotels - 3-star	3,990 - 4,240	3,685 - 4,174	3,160 - 3,460	1,030 - 1,515
Business hotels - 4/5-star	4,110 - 4,760	5,003 - 5,980	4,060 - 4,510	1,970 - 2,645
Luxury hotels - 5-star	4,790 - 5,430	5,980 - 7,069	4,060 - 4,510	1,345 - 2,360
OTHERS				
Underground/Basement Car Parks (<3 levels)	3,430 - 4,090	2,188 - 3,208	1,390 - 1,805	320 - 565
Multi-storey Car Parks, above ground (<4 levels)	2,050 - 2,420	1,210 - 1,591	865 - 1,280	210 - 365
Schools (primary and secondary)	2,650 - 2,850	2,420 - 2,801	N/A	255 - 330 ***
Students' Residences	3,020 - 3,390	1,916 - 2,230	2,330 - 2,445	305 - 385 ****
Sports Clubs, Multi-Purpose Sports/Leisure Centres (dry sports) with air-conditioning and including FF&E	3,970 - 4,500	N/A	2,855 - 3,045	610 - 780
General Hospitals (public sector)	5,030 - 5,540	N/A	4,025 - 4,210	855 - 1,245

Note: (*), (**), (***) and (****) refer to Notes no. 8 on Page 7

Approximate Building Costs: Major Cities in Asia

BUILDING TYPE	Bangkok	Bangalore	Manila	Ho Chi Minh
	US\$/m2 CFA	US\$/m2 CFA	US\$/m2 CFA	US\$/m2 CFA
	BAHT 33.71	INR 82.10	PHP 54.43	VND \$23,600
DOMESTIC				
Apartments, high-rise, average standard				
- Shell and core	540 - 712	634 - 725	N/A	N/A
- Full fit	724 - 884	701 - 854	986 - 1,322	670 - 830
Apartments, high-rise, high-end				
- Shell and core	629 - 798	987 - 1,199	N/A	N/A
- Full fit	973 - 1,192	1,120 - 1,426	1,333 - 2,393	851 - 965
Terraced Houses, average standard				
- Shell and core	300 - 389	484 - 544	N/A	N/A
- Full fit	457 - 564	494 - 558	884 - 1,082	452 - 525
Detached Houses, high-end				
- Shell and core	525 - 750	526 - 619	N/A	N/A
- Full fit	795 - 958	625 - 709	1,718 - 2,924	515 - 621
OFFICE/COMMERCIAL				
Offices, medium/high-rise, average standard	804 - 958	519 - 572 #	903 - 1,178	783 - 896
Offices, high-rise, prestige standard	1,003 - 1,287	603 - 761 #	1,307 - 1,686	903 - 1,216
Shopping centres, out-of-town, average standard	685 - 887	521 - 569	768 - 957	N/A
Retail malls, high-end	919 - 973	701 - 803	1,048 - 1,469	731 - 946
INDUSTRIAL				
Industrial units, shell only (conventional single-storey framed units)	534 - 673	449 - 553	512 - 660	322 - 401
Factories, owner operated, low rise, lightweight industry	N/A	475 - 592	688 - 865	364 - 475
HOTELS				
Budget hotels - 3-star	1,252 - 1,394	1,018 - 1,103	1,146 - 1,417	1,451 - 1,756
Business hotels - 4/5-star	1,602 - 1,842	1,440 - 1,859	1,308 - 2,169	N/A
Luxury hotels - 5-star	1,872 - 2,171	1,984 - 2,329	1,810 - 3,435	1,832 - 2,174
OTHERS				
Underground/Basement Car Parks (<3 levels)	614 - 810	344 - 396	597 - 777	665 - 784
Multi-storey Car Parks, above ground (<4 levels)	202 - 329	286 - 335	472 - 709	428 - 464
Schools (primary and secondary)	N/A	357 - 419	673 - 929	562 - 606
Students' Residences	N/A	373 - 458	722 - 916	562 - 713
Sports Clubs, Multi-Purpose Sports/Leisure Centres (dry sports) with air-conditioning and including FF&E	N/A	688 - 771	1,134 - 1,652	830 - 878
General Hospitals (public sector)	N/A	773 - 898	1,366 - 1,596	N/A

Note: (#) refers to Notes no. 9 on Page 7

Approximate Building Costs: Major Cities in Asia

BUILDING TYPE	Shanghai	Beijing	Guangzhou / Shenzhen	Chongqing / Chengdu
	RMB/m ² CFA	RMB/m ² CFA	RMB/m ² CFA	RMB/m ² CFA
DOMESTIC				
Apartments, high-rise, average standard				
- Shell and core	3,108 - 3,543	2,827 - 3,261	2,725 - 3,130	2,710 - 3,081
- Full fit	5,081 - 5,601	4,472 - 4,911	4,324 - 4,960	4,143 - 4,804
Apartments, high-rise, high-end				
- Shell and core	3,737 - 4,047	3,369 - 4,887	2,844 - 3,856	3,349 - 4,262
- Full fit	11,473 - 12,508	10,839 - 12,338	7,025 - 8,008	6,690 - 8,205
Terraced Houses, average standard				
- Shell and core	3,479 - 3,775	3,264 - 3,812	2,863 - 3,251	3,340 - 3,993
- Full fit	7,019 - 7,647	6,404 - 6,937	6,550 - 7,831	5,651 - 6,634
Detached Houses, high-end				
- Shell and core	5,116 - 5,655	4,915 - 5,470	3,985 - 4,526	4,377 - 4,995
- Full fit	12,344 - 13,097	12,307 - 12,840	12,566 - 14,724	7,189 - 8,167
OFFICE/COMMERCIAL				
Offices, medium/high-rise, average standard	6,518 - 8,612	6,379 - 8,594	6,141 - 7,013	6,491 - 7,459
Offices, high-rise, prestige standard	8,374 - 11,453	10,368 - 14,113	8,989 - 11,296	8,185 - 10,878
Shopping centres, out-of-town, average standard	N/A	N/A	5,851 - 6,652	5,252 - 6,648
Retail malls, high-end	8,850 - 11,931	8,625 - 11,874	8,657 - 12,544	7,802 - 10,769
INDUSTRIAL				
Industrial units, shell only (conventional single-storey framed units)	2,007 - 2,459	1,970 - 2,402	2,280 - 2,801	3,203 - 3,983
Factories, owner operated, low rise, lightweight industry	3,105 - 3,889	3,808 - 4,365	N/A	N/A
HOTELS				
Budget hotels - 3-star	7,132 - 8,693	7,057 - 8,693	7,878 - 8,933	7,083 - 8,658
Business hotels - 4/5-star	11,492 - 15,556	12,025 - 15,876	12,733 - 18,741	12,709 - 15,721
Luxury hotels - 5-star	15,538 - 18,573	15,305 - 19,702	17,137 - 19,473	15,650 - 18,608
OTHERS				
Underground/Basement Car Parks (<3 levels)	5,326 - 7,427	5,451 - 5,990	4,058 - 6,640	3,075 - 4,259
Multi-storey Car Parks, above ground (<4 levels)	2,729 - 3,814	3,280 - 3,312	2,891 - 3,275	2,452 - 2,997
Schools (primary and secondary)	4,071 - 5,138 [^]	3,795 - 4,899 [^]	3,266 - 4,242 [^]	3,250 - 3,581 [^]
Students' Residences	2,980 - 4,064	2,684 - 3,795	3,010 - 3,838	2,275 - 3,254
Sports Clubs, Multi-Purpose Sports/Leisure Centres (dry sports) with air-conditioning and including FF&E	6,869 - 8,437	6,498 - 6,555	5,580 - 6,323	5,128 - 5,621
General Hospitals (public sector)	10,494 - 13,530	8,544 - 10,701	8,450 - 10,891	8,195 - 10,148

Note: (^) refers to Notes no. 10 on Page 7

Approximate Building Costs: Major Cities in Asia

Building Type	Outline Specification
DOMESTIC	
Apartments, high-rise, average standard	<u>Shell and core</u> , include finishes to public area, but <u>exclude</u> finishes to apartment units <u>Full fit</u> , with air-conditioning, kitchen cabinets and home appliances, but <u>exclude</u> decorative light fittings and loose furniture
Apartments, high-rise, high-end	<u>Shell and core</u> , include finishes to public area, but <u>exclude</u> finishes to apartment units <u>Full fit</u> , good quality provisions, with air-conditioning, kitchen cabinets and home appliances, but <u>exclude</u> decorative light fittings and loose furniture
Terraced Houses, average standard	<u>Shell and core</u> , joined houses in row(s), <u>exclude</u> garden, parking, finishes and fittings to house interior <u>Full fit</u> , joined houses in row(s), with air-conditioning, kitchen cabinets and home appliances, but <u>exclude</u> decorative light fittings, loose furniture, garden and parking
Detached Houses, high-end	<u>Shell and core</u> , good quality facade, <u>exclude</u> garden, parking, finishes and fittings to house interior <u>Full fit</u> , good quality provisions, with air-conditioning, kitchen cabinets and home appliances, but <u>exclude</u> decorative light fittings, loose furniture, garden and parking
OFFICE/COMMERCIAL	
Offices, medium/high-rise, average standard	Reinforced concrete structure, curtain wall, include public area fit-out, tenant area with raised floor/carpet, painted wall and false ceiling
Offices, high-rise, prestige standard	
Shopping Centres, out-of-town, average standard	Include public area fit-out and M&E, but <u>exclude</u> shop fit-out
Retail Malls, high-end	

Building Type	Outline Specification
INDUSTRIAL	
Industrial units, shell only. (conventional single-storey framed units)	Reinforced concrete structure with steel roof and M&E to main distribution, but <u>exclude</u> air-conditioning, heating and lighting
Factories, owner operated, low rise, lightweight industry	Reinforced concrete structure, include small office with simple fit-out and M&E, but <u>exclude</u> air-conditioning and heating
HOTELS	
Budget hotels - 3-star	Include interior decoration, furniture (fixed and movable), special light fittings (chandeliers, etc.), but <u>exclude</u> Operating Supplies and Equipment (OS&E)
Business hotels - 4/5-star	
Luxury hotels - 5-star	
OTHERS	
Underground/ Basement Car Parks (<3 levels)	Reinforced concrete structure
Multi-storey Car Parks, above ground (<4 levels)	Reinforced concrete structure, natural ventilation, no facade enclosure
Schools (primary and secondary)	Include fit-out and air-conditioning, but <u>exclude</u> educational equipment
Students' Residences	Include fit-out, loose furniture and air-conditioning
Sports Clubs, Multi Purpose Sports/Leisure Centres (dry sports) with air-conditioning and including FF&E	Dry sports (no swimming pool) for 'leisure centre' type schemes including main sports hall, ancillary sports facilities, changing and showers, restaurant / café, bar, etc. Costs include Furniture, Fittings and Equipment (FF&E)
General Hospitals (public sector)	<u>Exclude</u> medical and operating equipment



NOTES

- The costs for the respective categories given above are averages based on fixed-price competitive tenders. It must be understood that the actual cost of a building will depend upon the design and many other factors and may vary from the figures shown.
- The costs per square metre are based on Construction Floor Areas (CFA) measured to the outside face of the external walls / external perimeter including lift shafts, stairwells, balconies, plant rooms, water tanks and the like.
- All buildings are assumed to have no basements (unless otherwise stated) and are built on flat ground, with normal soil and site conditions. The cost excludes site formation works, external works, land cost, professional fees, finance and legal expenses.
- The standard for each category of building varies from region to region and does not necessarily follow that of each other.
- "Shell and core" generally cover ONLY base building elements. "Shell" refers to the overall structure and foundations, exterior walls, floors and roof, include with common areas, staircases, lift shafts, service ducts and fire services systems to local statutory requirements. "Core" refers to fully-fitted public areas (like lobbies, corridors and lavatories) and M&E main plant and upfeed, with tenant or occupant areas unfurnished.
- "Full fit" buildings are complete with all elements that allow the buildings to be ready for operation, including public and tenants' (or occupants') areas (i.e., with ALL finishes, fittings and M&E distributions).
- Fluctuation in exchange rates may lead to changes in construction costs expressed in U.S. dollars.
- Kuala Lumpur:
 - (*) 6-12 units per floor, 46m² - 83m² per unit; exclude air-conditioning, kitchen cabinets and home appliances
 - (**) Exclude air-conditioning, kitchen cabinets and home appliances
 - (***) Standard government provisions
 - (****) University standard.
- Beijing, Shanghai, Guangzhou/Shenzhen, Chongqing/Chengdu: (▲) Public authority standard, no air-conditioning.
- Bangalore: (*) Tenant area with the screeded floor, painted wall and ceiling, exclude raised floor.
- The data for Hong Kong, China, Macau, and Manila are provided by Arcadis Hong Kong Limited, Arcadis China Limited, Arcadis Macau Limited and Arcadis Philippines Inc, respectively.
- The data for Ho Chi Minh is provided by DLS Consultant Company Limited.
- The data for Bangkok is provided by Mentabuild Limited.
- The data for Bangalore is provided by Arkind LS Private Limited.
- The data for Kuala Lumpur is provided by JUBM Group.
- Singapore, Kuala Lumpur and Bangalore: Rates are nett of GST. Bangkok and Ho Chi Minh: Rates are nett of VAT. Manila: Rates include 12% VAT.

☐☐☐ PSSCOC CONTRACT AMENDMENTS

Clause 33 “Fluctuations” - Amendment to Clause 33.1(1) and Appendix [w.e.f. 01 January 2023]

Material prices for common construction materials such as concrete, steel reinforcements and structural steel have been rising steadily since early 2021 and prices for these basic construction materials prices remain high and volatile since then.

Prior to 1 Jan 2023, the PSSCOC price fluctuation clause (clause 33) provides for contract price adjustment taking into account changes in the prices for concrete and steel reinforcements. These raw materials have been specified in the Appendix and not as an optional provision. However, price fluctuation for structural steel is not included.

The amended Clause 33.1(1) which comes into effect from 1 Jan 2023, now allows an optional provision for contracting parties to include structural steel in the schedule of materials under the fluctuation clause.

With the addition of structural steel together with the existing list of materials (i.e. concrete and steel reinforcement), the price fluctuation provisions under the amended clause 33 can now provide a more equitable risk-sharing regime to manage the unpredictable and volatile price increases in these common construction material costs and the associated risks and impact arising therefrom and mitigate the risk of contractor’s pricing in uncertainties into the tender prices.

New Clause 32.9 “Factoring” [w.e.f. 7 March 2023]

Clause 30.1 of the PSSCOC restricts the Contractor from assigning his interests, rights, or benefits under the Contract. Such rights and benefits would include any rights to receivables and payment proceeds. The Contractor is required to obtain Employer’s prior written agreement if he wishes to assign such rights to payment under the Contract.

It is fairly common for contractors to take up factoring facilities with their banks that are providing financing for the project to ease their cash flow. Factoring of invoices to the bank entails the Contractor to assign the benefits which, in this case, comprise payments/receivables for work done under the Contract to be paid directly to the bank.

As factoring helps the cash flow of the Contractor, the introduction of the new clause 32.9 do help and support the contractor and simplifies the approach in securing approval for assignment in these aspects.

The new clause 32.9 clarifies the Employer’s in principle consensus to factoring and sets out the terms and conditions and procedural matter in connection thereto. Generally, the new clause gives effect to the assignment of payment under the factored invoice to the bank and clarifies such assignment shall not prejudice or affect the Employer’s rights against the Contractor (including any rights of deduction and set-off). Any payment made by the Employer to the Bank in respect of the factored invoice shall constitute a full and total discharge by the Employer of his obligation to pay the same to the Contractor under the Contract.

New Clause 39 “Compliance with Progressive Wage Mark Requirement” (w.e.f. 7 March 2023)

New Clause 39 “Compliance with Progressive Wage Mark Requirement” is added to ensure contractor’s compliance with the new government procurement requirement for Progressive Wage Mark (“PW Mark”) eligible contractors and their PW Mark-eligible sub-contractors to be accredited with the PW Mark for the contract period. This new government procurement requirement applies to awarded Government contracts for tenders called from 1 March 2023 and new quotations from 1 March 2024.

The PW Mark accreditation scheme was one of the key recommendations put forward in the Tripartite Workgroup on Lower-Wage Workers Report which was published and endorsed by the Government in August 2021.

PW Mark-eligible contractors/suppliers and PW Mark-eligible sub-contractors refer to firms that hire at least one local worker covered by the prevailing Sectoral PWs or Occupational PWs. To be accredited with the PW Mark, firms are required to comply with the Progressive Wage requirements across the respective Progress Wage Models (PWM) and pay all other local workers at least the Local Qualifying Salary (LQS).

The prevailing list of sectoral PWs covers local workers in the cleaning, security, landscape, lift and escalator maintenance, retail, food and waste management sectors. Occupational PWs cover local workers in administrative and driving roles.



asia
infrastructure
solutions

DELIVERING THE FUTURE

About Asia Infrastructure Solutions

Asia Infrastructure Solutions is a leader in delivering sustainable design, engineering, project & programme management, cost management, business advisory and consultancy solutions for the infrastructure, buildings and environmental markets.

The company has a strong and diversified team of project managers, construction managers, programme managers, cost managers, sustainability consultants and various disciplines of engineering professionals with a long track record in the infrastructure, building and environmental markets delivering the future for the built and natural environment.

For further enquiries, please contact our team at
SGCorpCostResearch@asiainfrasolutions.com

Asia Infrastructure Solutions Singapore Pte Ltd

230 Victoria Street

#12-01 Bugis Junction Towers

Singapore 188024

T: +65 6222 3888

Follow us on our social networks



[@asiainfrastructuresolutions.com](https://www.asiainfrastructuresolutions.com)



[ASIAINFRASOLUTIONS.COM](https://www.asiainfrasolutions.com)