

Reinstate price variation clause for building materials, contractors appeal



Master Builders Association Malaysia president Foo Chek Lee appeals to the government to reinstate the price fluctuation clause for building materials into all construction contracts . NST picture by Amirudin Sahib.

By Ooi Tee Ching - July 10, 2019 @ 4:13pm

KUALA LUMPUR: Master Builders Association Malaysia (MBAM) has appealed to the government to reinstate price variation clause into construction contracts to help shield contractors from drastic fluctuation in building materials pricing.

"We appeal to the government to reinstate the price fluctuation clause for building materials into all construction contracts. In recent tenders and ongoing projects, the contracts do not have this clause," MBAM president Foo Chek Lee said.

"Therefore, contractors are exposed to the vagaries of building material price spikes and the impact can be very taxing on some of our members cashflow," he added.

Foo was commenting on Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail's recent assurance that cement price would not spike drastically.

Cement price is controlled by the government, and action can be taken against those found to increase prices without government approval, under the Control Of Supplies Act.

Prior to the minister's announcement, there had been widespread concerns among contractors and property developers about steep hikes of up to 40 per cent from the current RM375 per tonne.

Foo was speaking to reporters after High Court judge Datuk Lim Chong Fong launched a forum on "Current Contract Administration Practices in the Malaysian construction industry and potential solutions" here today.

Also present was MBAM vice president Oliver Wee.

With the launch of a mediation centre at MBAM premise, Wee expressed hope of cheaper and faster dispute resolutions among stakeholders in the construction industry.

In 2013, the government set up courts in Kuala Lumpur dedicated to the construction industry in view of mounting disputes. Two months ago, the government facilitated another in Shah Alam to further cope with rising claims of compensation.

