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Procurement Policies Department
Business Development Group

26 March 2021

Dear Sir/Madam,

EXTENSION OF RELIEF PERIODS FOR CONSTRUCTION AND SUPPLY CONTRACTS UNDER THE COVID-19 (TEMPORARY MEASURES) ACT

Objective

This circular informs the industry on the upcoming introduction of the COVID-19 (Temporary Measures) (Amendment No. 2) Bill 2021 in Parliament on 5 April 2021. The Bill aims to allow the Government to extend the prescribed periods for legislative relief (“relief periods”) under Part 2 and Part 8B of the COVID-19 (Temporary Measures) Act (“the Act”) till 30 September 2021.

Background

2 The Built Environment (“BE”) sector has been adversely impacted by COVID-19. While construction works have restarted, challenges for firms persist. Labour cost has increased due to restrictions in the inflow of migrant workers. Firms are also operating at lower capacity due to the need to comply with safe management measures. In this regard, the Government will continue to support the sector to help firms tide through this period to ensure that no single segment of the BE value chain bears a disproportionate share of the burden due to COVID-19.

Current relief measures under the Act

3 Part 2 of the Act provides temporary relief for a prescribed period, upon service of a Notification for Relief, from stipulated types of legal and enforcement actions in relation to the inability to perform contractual obligations due to COVID-19. ***Additionally, for construction and supply contracts, defaulting parties are provided with a defence against the inability to perform a contractual obligation due to COVID-19, including disregarding of liquidated damages payable for such breaches (even after the expiry of the Act, subject to filing of a Notification for Relief); and the non-defaulting party is also prevented from calling on a performance bond during the relief periods.***

4 Part 8B of the Act provides co-sharing of additional non-manpower-related qualifying costs between contracting parties due to delays caused by COVID-19. The Government previously announced that the relief periods under Part 2 and Part 8B of the Act would end on 31 March 2021.

Extension of the relief period for Part 2 and Part 8B

5 Given the above, the Ministry of National Development will be introducing the COVID-19 (Temporary Measures) (Amendment No. 2) Bill 2021 in Parliament on 5 April 2021. If passed by Parliament, the Bill and its accompanying subsidiary legislation will allow the Government to extend the relief periods under the Act in the following manner:

- a) **Part 2:** The relief period for construction contracts or supply contracts, or any performance bond granted thereto, will be extended for an additional six months, up to 30 September 2021. Construction firms affected by COVID-19 can seek temporary relief from legal and enforcement action. **In addition, the defaulting parties (e.g. contractors or clients) will continue to be provided with defences to a claim for a breach of contract, including disregarding of liquidated damages, through filing a Notification for Relief (NRF) at MinLaw's website (<https://www.mlaw.gov.sg/covid19-relief/notification-for-relief>) before 30 September 2021.**
- b) **Part 8B:** The relief period will be extended for an additional six months, up to 30 September 2021. **Cost-sharing relief will apply to qualifying costs, which arise due to delays caused by COVID-19 during the period from 7 April 2020 to 30 September 2021.** The co-sharing percentage remains at 50% of the qualifying costs, subject to a monthly cap of 0.2% of contract sum per month and a total 1.8% of the contract sum.

6 Further details on the processes under the Act can be found at <http://www.mlaw.gov.sg/covid19-relief>.

Thank you.

Yours faithfully

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BUSINESS DEVELOPMENT GROUP
for CHIEF EXECUTIVE OFFICER
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