

**PRESS RELEASE**

**New Singapore Dispute Protocol Launched to Minimise Time and Cost Overruns in Infrastructure Projects**

1. The Ministry of Law (MinLaw) today launched a new Singapore Infrastructure Dispute-Management Protocol to help parties involved in mega infrastructure projects manage disputes and minimise the risks of time and cost overruns. Minister for Finance Mr Heng Swee Keat announced the launch of the new protocol today at Enterprise Singapore's Asia-Singapore Infrastructure Roundtable as part of efforts to establish Singapore as the infrastructure hub of Asia.

2. Based on an Asian Development Bank report, Asia will need more than US\$1.7 trillion (S\$2.3 trillion) of infrastructure per year from 2016 to 2030<sup>1</sup>. As infrastructure projects are typically complex and involve multiple parties, differences and disputes are sometimes unavoidable and can result in delays and higher costs, if not managed well. It was found that infrastructure, mining and oil and gas projects have on average cost 80% more than budgeted and run 20 months late<sup>2</sup>.

3. The new Singapore Infrastructure Dispute-Management Protocol will help parties proactively manage differences to prevent them from escalating into disputes, and minimise the risks of time and cost overruns. Under the new protocol, parties will from the start of the project appoint a Dispute Board comprising up to three neutral professionals who are experts in relevant fields such as engineering, quantity surveying and law. The Dispute Board will follow the project from start to finish and proactively help to manage issues that may arise, through a range of customised dispute avoidance and resolution processes.

4. This new protocol builds on international best practices and introduces a few novel features to address the challenges complex infrastructure projects face currently:

- a. First, it takes a proactive dispute prevention approach. The Dispute Board is appointed from the start of the project, rather than only after disputes have arisen. It helps anticipate issues and prevent differences from snowballing and escalating into full-blown disputes which become difficult and expensive to resolve.

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<sup>1</sup> Asian Development Bank. Meeting Asia's Infrastructure Needs. Mandaluyong City, Philippines: Asian Development Bank, 2017.

<sup>2</sup> Tim McManus, Managing big projects: The lessons of experience, McKinsey & Company website <<https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/managing-big-projects-the-lessons-of-experience#>> (accessed on 17 October 2018)

- b. Second, should disputes arise, it provides a wider range of methods which can help address the disputes at hand. These include mediation, opinion and determination.
  - c. Third, it provides full professional and administrative support through the Singapore International Mediation Centre (SIMC) and the Singapore Mediation Centre (SMC) which can help with identifying and appointing Dispute Board members as well as with meeting, escrow and other administrative services.
5. The new protocol is developed by a Working Group comprising eminent private sector infrastructure and dispute resolution specialists, the SIMC and the SMC. The Working Group was convened by MinLaw in January 2018, to see how Singapore could leverage its current strength in dispute resolution to innovate and better serve the needs of complex infrastructure projects in the region.
6. The new protocol has attracted interest from parties who are keen to incorporate it into their projects. These projects are estimated to be worth S\$500 million or more. Further details will be announced in due course.
7. Minister in the Prime Minister's Office and Second Minister for Finance & Education Ms Indranee Rajah said "Singapore is a leading international dispute resolution hub. We have recently also moved to be an infrastructure Hub for Asia. We realised that there is a critical gap in the infrastructure space - the need for more cost and time efficient resolution of infrastructure disputes, facilitated by experts. In a unique collaboration between the private and public sector, we have developed the Singapore Infrastructure Dispute-Management Protocol specifically to address this need. The SIDP builds on processes which are familiar to infrastructure stakeholders but has unique features for more effective dispute resolution. Though new, we are confident that infrastructure stakeholders will quickly see the value of the SIDP and adopt it once they do."
8. Senior Minister of State for Law and Health Mr Edwin Tong said: "Singapore is well-placed to help parties navigate the challenges of large-scale infrastructure projects. We are a trusted and neutral venue, and have over the years built up deep expertise, institutions, and human capital in dispute resolution. The new protocol builds on this strong foundation and leverages the suite of services that Singapore offers as a dispute resolution hub."
9. Mr Chow Kok Fong, Chairman of the Working Group and Board Member of SIMC and SMC, said: "The new protocol has been carefully crafted to ensure successful project delivery is not compromised by disputes that may arise during the course of the project. As infrastructure needs in Asia grow, parties will find the protocol to be a helpful tool for dispute management in mega infrastructure projects, by virtue of its flexibility, customisability, and institutional support."

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Annex:

**About the Singapore International Mediation Centre**

The Singapore International Mediation Centre (SIMC) is an independent, not-for-profit organisation that offers professional dispute resolution services tailored to the evolving needs of businesses in Asia. We work across multiple jurisdictions covering both common and civil law traditions. Our panel of over 70 international independent mediators have extensive experience resolving cross-border disputes and are highly regarded for delivering successful outcomes in complex, high-stakes commercial disputes. Since November 1, 2017, SIMC has been appointed by the Law Minister as one of the designated mediation service providers in Singapore under the Mediation Act.

**About the Singapore Mediation Centre**

Established in 1997, the Singapore Mediation Centre (SMC) pioneered the use of mediation as the mainstream mechanism for dispute resolution, as well as training in negotiation and conflict management. Today, SMC offers a suite of alternative dispute resolution services which brings clarity and objectivity to complex situations. These services include mediation, adjudication and neutral evaluation. Through our panel of experts with legal and industry expertise, SMC is well-placed to manage difficult negotiations and unlock standstills for businesses by providing cost-effective and timely solutions. At SMC, our vision is to help all businesses fully appreciate the value of mediation as a strategic risk-management tool that they can count on in commercial dealings.