

UNIVERSITI TEKNOLOGI MARA

**A FRAMEWORK ON MITIGATING
CONTRACTOR'S CLAIM ON LOSS
AND EXPENSE DUE TO
EXTENSION OF TIME**

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MSc


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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Construction claims on Loss and Expense in construction projects are common yet can be mitigated in several ways. At the heart of the matter, it is often the question of identifying the causes that lead to Extension of Time (EOT) and Loss and Expense (L & E), exploring awareness and the understanding of this issue with respect to the Public Work Department (PWD) as the critical issues and challenges faced by clients in mitigating contractors' L&E claims due to the EOT. Therefore, by answering all of the highlighted issues above, mitigation measures on Loss and Expense were identified. The research aim is to develop a framework on the appropriate mitigating measures of contractor's claim on L&E claims due to EOT in public projects. While the research objectives are To investigate the causes of contractors' claims on loss and expense due to the EOT during the post-contract stage in building projects , To identify the level of knowledge and understanding of PWD professionals in claiming for L&E in PWD projects. By identifying the level of knowledge and their understanding levels, then again, department easy to identify which part to overcome and manage the weakness and problems. To analyse the suitability and appropriateness of the proposed mitigating measures in dealing with the claims for L&E to ensure fairness to both the contractors and the government. However, there is still limited information regarding claims for L&E in Malaysia towards developing a framework for mitigating L&E claims in the PWD. The methodology adopted a detailed review of the relevant literature, followed by industry-professionals in the PWD regarding the causes of EOT and L&E. The data collected were then analysed. The key findings were that the causes of EOT in the Malaysian construction industry include contractor's poor site management, inadequate contractor experience, client's finance & payments for completed work, problems with subcontractors, shortage of materials, slow decision making, waiting time for approval of tests and inspections, lack of communication between parties, and change orders. Besides, case studies involving school projects in Selangor, Putrajaya, and Kuala Lumpur during the post-contract stage. As such, by identifying the causes of both EOT and L & E, the mitigation measures of L&E have been established. The key factors of mitigation of L&E are identified as follows due to design stage factor, construction stage factor and other factors. So that, by identifying the mitigation factors of L & E , the framework of mitigation of L&E was established. The purpose of establishing this framework on mitigating L&E, the department will be ready to deal with contractors' claims. Besides, the significance of the study in PWD, the improvement will get better in terms of decision making, project management and minimize the unimportant additional cost to the projects So that, government will save lots of money with this control L&E cases. Finally, potential areas for further research were identified and recommended, which include mitigation of L&E for documentation wise mitigation L&E in Infrastructure works especially during the design stage. These two (2) areas are not covered in this research.

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