

On Mediation - Er. Ong Ser Huan IES Past President , QEC and ME RERTOs Registries Chairman

On MEDIATION

Today I shall brief you on the mediation scheme from the Singapore Mediation Centre at the High Court Building. As we know, for every building project, there are the developer, consultants, main contractor. Subcontractors, the sub-sub, and also the suppliers. Between them, there are multiples of contracts and purchase orders signed(p) to bond them together to perform the various tasks in completing the project. However, between so many parties, many disputes are bound to arise when some do not perform. Either for timely payment, timely work completion, correct quality and quantity of goods delivered etc, if they cannot resolve the disputes among themselves, they will end up in court, and quite often in the high court because the disputes are \$100,000 or even more.

Before the mediation scheme was introduced by the then Chief Justice Yong Pang Howe, High Court cases were piling up to an extent that a case could only be heard at least one year or even longer. After the mediation scheme was introduced, the court cases esp. in construction reduced by more than half, because about 80% of the disputes were each settled just within one day of mediation.

How this marvelous mediation scheme works is not complicated. First, they set up The Singapore Mediation Centre in the High Court Building. Next, Singapore Academy of Law invited the presidents of the various institutions and associations in the construction industry, such as IES, REDAS, SCAL, and The Singapore Law Society. They then arranged trainers from overseas to train these industry leaders to become mediators. Just within 6 months, the mediation scheme proved to be a success, because the mediators from the construction industry understand the industry problems better than the judges and the lawyers. They are most helpful in assisting both parties to come to a settlement. Another key factor is that a successful mediation will save both parties substantial sum of money and time. To have a case heard in the High Court will easily cost the losing party \$300,000 or more excluding the judgment sum payable to the winning party. At the same time, even the winning party will still have to pay 1/3 of the legal cost to their lawyer, which is about \$50,000 or more. Besides, both parties have to bear with the mental stresses for the legal battle over a long period of 1-2 years and with the even more stressful court hearing of 4-10 days. They will also have to be subject to the bad publicity in the newspaper.

For Mediation, the cost is usually just \$6-8k or less. If you wish to save even more , you do not need to engage a lawyer. Both parties are required to keep the process confidential. With some give and take, you have a very good chance to cure the headache just within one day.

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