

**SPECIAL PROVISIONS TO THE CONDITIONS OF CONTRACT
(VARIATION OF PRICE) FOR BUILDING WORKS**

**A. VARIATION IN PRICE OF 14 SELECTED MATERIALS
(VARIATION IN BUILDING COST INDICES)**

1. Adjustment (upwards and downwards) shall be made to the monthly interim payments and finally to the Contract Sum where there is variation in the Building Cost Indices which are deemed to reflect any changes in the prices of the selected Materials described hereunder:

(i)	Cement	All cement for use in concrete, mortar, paving and plastering.
(ii)	Aggregates	All coarse aggregates for use in concrete.
(iii)	Sand	All sand and fine aggregate for use in concrete, mortar, paving and plastering.
(iv)	Bricks	All bricks including concrete blocks for use in brickworks and blockworks.
(v)	Timber	All timber and plywood for use in joinery and carpentry works including those for formwork.
(vi)	Roofing Materials	All roofing materials.
(vii)	Ceiling Materials	All ceiling sheet materials.
(viii)	Steel and Metal Sections	All non-structural steel and metal sections.
(ix)	Plumbing Materials	All plumbing materials for water and sanitary installations.
(x)	Floor and Wall Tiles	All floor and wall tiling materials.
(xi)	Sanitary Fittings	All sanitary fittings and appliances.
(xii)	Ironmongery	All ironmongery items.
(xiii)	Glass	All glass for glazing works.
(xiv)	Paint	All painting materials.

Any changes in the prices of Materials other than the above and the cost of plant shall be deemed to follow that of the above described Materials, but any changes in the cost of labour and the amount for profit and overheads shall not be reflected in the indices.

2. Reference Publication

The reference publication to determine the "Building Cost Indices" of Materials specified in paragraph 1 shall be the Special Release 2 published by the Department of Statistics for the month preceding the date of the month of interim valuation.

3. Base Indices

The "Base Indices" for the purposes of calculating variation of price for the Materials specified in paragraph 1 shall be the appropriate Building Cost Index of the Materials as stated in the Special Release 2 published by the Department of Statistic for the month during which the tender closes and shall be inserted in **Appendix A** to this provision prior to the signing of the Contract.

4. Application of Adjustments

- (i) The adjustments shall only be applied to the "Effective Value of Works" (as defined hereunder) in respect of all materials used and plant employed. The "Effective Value of Works" shall mean the difference between:
 - (a) The amount of all builder's works (including any site and external works) executed by the Contractor up to the date of the current monthly interim valuation less the amounts for "Preliminaries" items and any items based on actual costs or current prices and excluding any works dealt under Prime Cost Sums and Provisional Sums executed by others. Where the Mechanical and Electrical (M&E) works are executed by the Contractor, the value of the M&E works in respect of seven (7) main components shall also be excluded from the value builder's work; and
 - (b) The amount calculated in accordance with (a) above up to the date of the preceding monthly interim valuation.
- (ii) Variation of price for M&E Works shall be in respect of (7) main components shall be dealt separately as detailed in the "Special Provisions to the Conditions of Contract (Variation of Price) for M&E Works".
- (iii) The amount in respect of all the materials used and plant employed are deemed to constitute a certain percentage of "Effective Value of Works". This percentage is referred to as "Recovery Factor" and is specified in **Appendix A** to this provision.

5. Variations in the Building Cost Index

- (i) The Variation in the Building Cost Index shall mean any increase or decrease in the "Current Index" (as defined under paragraph (ii) hereof) as compared to the Base Index (as defined under paragraph 3 above) for the relevant category or categories of building or works as stated in **Appendix A** to this provision.
- (ii) The Current Index shall mean the appropriate Building Cost Index as stated in the Special Release 2 issued by the Department of Statistics for the month preceding the date of the month of interim valuation.

Provided that in respect of Works executed outside the period permitted under the provisions of the Contract, the Current Index shall be the appropriate Building Cost Index as stated in the Special Release 2 issued by the Department of Statistics for either the final month of the period permitted under the provisions of the Contract, or the month preceding the date of the monthly interim valuation, whichever is the lower.

6. Calculation of Adjustments

The increase or decrease payable or deductible shall be calculated by multiplying the Effective Value of Works by a factor referred to as Fluctuation Factor which shall be ascertained from the product of the relevant Recovery Factor and the difference between the relevant Current Index and the Base Index, divided by the Base Index as follows:

$$\text{Fluctuation Factor} = \text{Recovery Factor} \times \frac{\text{Current Index} - \text{Base Index}}{\text{Base Index}}$$

Provided that:

- (i) (a) If the relevant Current Index had not been published by the date the interim payment certificate is to be issued, or
 - (b) If the total amount of any monthly interim valuation (excluding any sums for increases or decreases under these provisions) is inadequate to justify the issue of an interim payment certificate, then the increase or decrease payable in respect of that monthly interim valuation shall be added to or deducted from the amount payable upon the issue by the Superintending Officer (S.O.) of the next interim payment certificate after all the relevant Current Indices have been published or when the total amount of the monthly interim valuation is adequate to justify the issue of the said certificate, as the case may be.
- (ii) The Fluctuation Factor for the Effective Value of Works in respect of site and external works shall be the simple average of the Fluctuation Factor of the relevant categories of buildings (excluding piling works) contained in the Contract.
- (iii) The Fluctuation Factor for the Effective Value of Works in respect of any balance due or to become due and payable to the Contractor after the payment for works executed up to the date the work is certified by the S.O. as being completed had been made, shall be the ratio of the aggregate total of all the previous increases and/or decreases and the corresponding cumulative total of all the previous Effective Value of Works as follows:

$$L = F \times \frac{M}{E}$$

where:

- L = The value of increase or decrease payable or deductible in respect of the balance due or to become due and payable to the contractor;
- F = The amount of the balance due or to become due and payable to the contractor (excluding the value of L', and any works dealt under Prime Cost Sums, Provisional Sums, value of steel reinforcement bar. Where the Mechanical and Electrical (M&E) works in respect of seven (7) main components are executed by the Contractor, the value of the M&E works shall also be excluded) after deducting the amount in respect of Preliminaries and items based on actual costs or current prices;
- M = The aggregate total amount of increases or decreases payable under the above provisions in respect of all the previous interim payments made;
- E = The corresponding cumulative total of all the previous Effective Value of Works.

B. VARIATION IN PRICE OF STEEL REINFORCEMENT BARS (VARIATION IN UNIT PRICES)

1. Adjustments (upwards and downwards) shall be made to the monthly interim payments and finally to the Contract Sum where there is variation in the Unit Prices of mild steel reinforcement bars and high tensile steel reinforcement bars (Materials) approved for use in reinforced concrete.

2. Reference Publication

The reference publication to determine the “Unit Prices” of Materials specified in paragraph 1 shall be the Special Release 2 published by the Department of Statistics in the particular month in which the Materials are delivered to site for use.

3. Basic Unit Prices of Materials

The “Basic Unit Prices” for the purposes of calculating variation of price for the Materials specified in paragraph 1 shall be the appropriate Unit Prices of the Materials as stated in the Special Release 2 published by the Department of Statistic for the month during which the tender closes and shall be inserted in the **Appendix B** to this provision prior to the signing of the Contract.

4. Variation in Price of Materials

- (i) Any adjustments will only be made where there is variation in price in respect of Materials specified in paragraph 1 and against which Basic Unit Prices are given in **Appendix B** to this provision.
- (ii) Where a Contractor has paid a higher or lower price for the Materials as compared to the Basic Unit Price specified in **Appendix B** to this provision, the Contract Sum shall be accordingly increased or decreased provided that such increase or decrease shall not exceed the difference between the Basic Unit Price specified in **Appendix B** to this provision and the Unit Price stated in the Special Release 2 published by the Department of Statistics in the particular month in which the Materials are delivered to site for use.

5. Quantity of Materials Subject to Variation of Price

- (i) Quantities for the Materials specified in paragraph 1 shall be pre-ascertained by the S.O. at the time of tendering and inserted in **Appendix B** to this provision. The quantities so ascertained shall be the maximum quantities subject to price variation under this provision.
- (ii) The maximum quantities as fixed in **Appendix B** to this provision may be varied only when the original scope of works have been varied. The adjustment of the maximum quantities of the Materials shall be made proportionately to the variation of the scope of the work in which the relevant Materials so relate.

6. Works Not Included

- (i) This provision shall not apply to any of the Materials which have been used in works which shall have been rejected by the S.O. or which have been executed in places outside the limits of the site without the prior approval of the S.O.
- (ii) The Contractor shall keep accurate and complete records of all Materials or other items required for the replacement of works rejected by the S.O. The quantities of the Materials which have been used in works rejected by the S.O. shall be excluded from any claims for price variations under this provision.

7. Contract Period and Extension

This provision shall only apply to works done within the Contract Period and any extended period which had been allowed in accordance with the terms of the Contract.

8. Works Executed Outside the Period Permitted Under Contract

This provision shall not apply to works carried out by the Contractor outside the period permitted under the terms of Contract except in the following case:

Where the quantity of Materials used by the Contractor within the period permitted under the terms of Contract is less than that specified in **Appendix B** to this provision, adjustments shall be made to the Contract Sum in respect of the balance of the Materials where there is variation in price notwithstanding that the balance of Materials is used beyond the period permitted under the Contract provided that:

- (i) In the case of any increase in prices, adjustments will only be made if the increase does not exceed the Unit Price stated in the Special Release 1 issued by the Department of Statistics in the final month of the period permitted under the Contract.
- (ii) In the case of any reduction in price, adjustments will be made in accordance with paragraph 4 (ii).

9. Notification and Documentary Evidence

- (i) The Contractor shall within a reasonable time give the S.O. written notice of any variation in the price of Materials.
- (ii) The S.O. may at any time call for invoices, receipts and such other documentary evidence as may be required. The Contractor shall not withhold any information or documentary evidence as required by the S.O.

Appendix A

LIST OF RELEVANT CATEGORIES OF BUILDINGS AND BASE INDICES SUBJECTED TO PRICE VARIATION IN ACCORDANCE WITH THE “SPECIAL PROVISIONS TO THE CONDITIONS OF CONTRACT (VARIATION OF PRICE) FOR BUILDING WORKS”

Category Of Building (Irrelevant Categories shall be deleted)	Recovery Factor	Base Index (of Building Cost in region _____* for the month of _____**)
i. Single Storey R.C Building	0.52	
ii. 2-4 Storey R.C Building with flat roof	0.48	
iii. 2-4 Storey R.C Building with pitched roof	0.48	
iv. 5 Storey and above R.C Accommodation Building	0.46	
v. 5 Storey and above R.C Office Building	0.46	
vi. Timber Building	0.55	
vii. Timber Piling	0.45	
viii. Reinforced Concrete Piling	0.30	

Notes:

- *A – Penang, Kedah and Perlis
- *B – Perak
- *C – Wilayah Persekutuan, Selangor, Negeri Sembilan and Melaka
- *D – Johor
- *E – Pahang
- *F – Kelantan and Terengganu

** The “Base Index” shall be the appropriate Building Cost Index as stated in the Special Release 2 published by the Statistics Department for the month during which the tender closes and only need to be inserted prior to the signing of the Contract Document.

Appendix B

LIST OF MATERIALS TOGETHER WITH QUANTITIES AND BASIC UNIT PRICES SUBJECT TO PRICE VARIATION IN ACCORDANCE WITH THE “SPECIAL PROVISIONS TO THE CONDITIONS OF CONTRACT (VARIATION OF PRICE) FOR BUILDING WORKS”

Materials	Unit	Quantity	Basic Unit Price
A. Mild Steel Round Bars, BS 4449			
- 10mm (3/8")	Metric Ton	*	
- 12mm (1/2")	"	*	
- 16mm (5/8")	"	*	
- 20mm – 25mm (3/4" – 1")	"	*	
- 32mm (1 1/4")	"	*	
B. High Tensile Deformed Bars			
- 10mm (3/8")	"	*	
- 12mm (1/2")	"	*	
- 16mm – 25mm (5/8" – 1")	"	*	
- 28mm (1 1/8")	"	*	
- 32mm (1 1/4")	"	*	

* Quantities shall be pre-ascertained by the Superintending Officer at the time of tendering.

Notes:

1. The above quantities are intended for the purpose of price variation only and do not necessarily reflect the actual quantities required for the Contract. The Contractor shall ascertain himself the actual quantities required upon which his tender is deemed to have been based.
2. Price Variation shall be applied to the above quantities fixed or actual quantities used, whichever is the lesser.
3. The “Basic Unit Prices” shall be the appropriate Unit Price as stated in the Special Release 2 published by the Statistics Department for the month during which the tender closes and only need to be inserted prior to the signing of the Contract Document.