

Title: Payment issues - the present dilemmas of Malaysia construction industry

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Abstract:

The construction industry plays an important role in Malaysia development process. The industry establishes buildings and infrastructure works required for social economic development which contribute to the overall economic growth. The industry also provides works for many ranging from professionals such as architects, engineers and surveyors to main contractors, subcontractors, suppliers and ultimately manual labourers who are employed by these contractors. However, there remains a chronic problem of delayed and non-payment in the Malaysian construction industry affecting the entire delivery chain. This research therefore set out to study the profiles of Malaysian court cases in relation to payment disputes in construction industry. The research is also to address the legal issues in relation to payment disputes based on the court cases. The result shows that payment has been an issue of major concern in the construction industry. One of the reasons is that the dispute amounts involved are large. It also reflects the inadequacies and shortfalls of litigation process which take a long duration to determine the dispute. Also, it is common for employer to defend their cross claim by alleging defective works and delayed completion. As consequences, the payment due is postponed until the resolution of the dispute. It is choking the financial lifeline of the contractor with dire consequences. In summary, findings of this research may assist the relevant parties in addressing problems associated to late and nonpayment in an effective and timely manner to create a win-win situation for all parties in the Malaysian construction industry