

**LEVEL OF UNDERSTANDING THE CONTRACT REQUIREMENTS OF
PWD 203A (Rev.2007) STANDARD FORM OF CONTRACT AMONG THE
CONSTRUCTION PROFESSIONAL**

NORAZREEN BINTI ABU BAKAR

**A project report submitted in partial fulfillment of the
requirements for the award of the degree of
Master of Science (Construction Contract Management)**

**Faculty of Built Environment
Universiti Teknologi Malaysia**

July 2011

ACKNOWLEDGEMENTS

First and foremost, I extend my highest gratitude to my supervisor of this dissertation, Assoc. Prof. Dr. Rosli bin Abdul Rashid for his guidance, advice and support in order to complete this master project. Thank you very much.

Next, thanks also go to all the lecturers for the course of Master of Science (Construction Contract Management), for their patient during the process of completing the master project and for encouragement, guidance and critics.

Also, not forgetting to my father, my siblings and my family for giving full support. My wish is they all share my happiness. Highest credit also goes to Mohd Liwauunasri bin Muhammad for his kind advice and critics.

Last but not least, to all my friends, especially my classmate for Msc. CCM 2010/2011. All the best.

ABSTRACT

Construction contracts are usually made in writing and using one of the standard forms available. Standard Forms of contract have been used in the Malaysian construction industry as a means to expedite contractual and legal duties for the clients who wish to avoid expensive and complex legal endeavor to arrive at an agreement with their contractor. Various forms have been drafted by various professional bodies and organizations, both locally and internationally, to meet the demands of the local construction market for standard form. Problems arise when the standard form is drafted by legal people and will be implemented by technical background people that has a little knowledge about the legal aspect. The legalese problem also takes place in the contract's issues, which may mislead the true meaning of the particular clause and cause the people not to understand at all. Not all people can understand the meaning of the contract forms. Construction contracts can be a complex subject if interpretation and administration of contract are not being handled properly. In relation to these, the objectives of the study are to determine the level of understanding of the contract requirements of Standard Form of contract among construction professionals. Generally, data is collected from structured interviews with selected parties in the construction area to know their extent of understanding of Standard Forms of contract. The secondary sources include books, articles, seminar papers, newspapers as well as information from electronic media databases on construction contract law. The scope of this research is to know the level of understanding of PWD 203A among construction professionals (Engineer, Quantity Surveyor and Contractor) who had an experience in this field within five to ten years. The findings from the structured interview show the level of understanding of PWD 203A Standard Form of contract among construction professionals. As a conclusion with this research, by using "simple plain English", not too long sentences and not too many legal terms and phrases also can help the parties understand the contract they had entered. The study shows the medium level of understanding of PWD 203A Standard Form of contract among construction parties.

ABSTRAK

Kontrak pembinaan biasanya dibuat secara bertulis dan menggunakan satu borang seragam sahaja. Borang seragam kontrak telah digunakan dalam industri pembinaan Malaysia sebagai cara untuk mempercepatkan tugas kontrak dan undang-undang bagi pelanggan yang ingin berusaha mengelakkan undang-undang yang kompleks untuk mencapai perjanjian dengan kontraktor mereka. Pelbagai bentuk borang seragam telah digubal oleh pelbagai badan profesional dan organisasi dalam dan luar negara untuk memenuhi permintaan pasaran tempatan bagi borang seragam ini. Masalah timbul apabila borang seragam yang digubal oleh pihak yang berpengetahuan dalam bidang undang-undang dan perlaksanaannya pula oleh pihak yang berlatar-belakang teknikal yang mempunyai sedikit pengetahuan tentang aspek undang-undang ini. Masalah bahasa undang-undang juga berlaku dalam isu-isu kontrak, dimana bahasa undang-undang boleh mengelirukan maksud sebenar sesuatu fasal dan menyebabkan ramai pihak tidak memahami sama sekali. Tidak semua pihak dapat memahami makna borang kontrak. Kontrak pembinaan boleh menjadi satu isu yang kompleks sekiranya gagal dalam menterjemah kehendak kontrak dengan tepat. Sehubungan dengan ini, objektif kajian adalah untuk menentukan tahap pemahaman Borang seragam kontrak di kalangan profesional pembinaan. Secara amnya, data dikumpulkan melalui kaedah temubual berstruktur kepada pihak-pihak tertentu di dalam bidang pembinaan untuk mengetahui sejauh mana pemahaman mereka kepada Borang Seragam kontrak. Sumber sekunder pula termasuk buku, artikel, kertas seminar, akhbar serta maklumat daripada pangkalan data media elektronik. Lingkungan kajian ini pula adalah melibatkan pemilihan responden terdiri sebagai Juruukur Bahan, kontraktor dan Jurutera yang telah berpengalaman 5 hingga 10 tahun dalam industri pembinaan. Penemuan daripada soal selidik ini adalah untuk menentukan tahap pemahaman pihak-pihak dalam industri pembinaan terhadap Borang Seragam kontrak. Sebagai kesimpulan, Dengan menggunakan Bahasa Inggeris yang mudah dan jelas, penggunaan ayat yang tidak panjang serta tidak menggunakan bahasa undang-undang akan membantu pihak yang dalam memasuki kontrak untuk lebih memahami kontrak diantara mereka. Kajian ini telah menunjukkan tahap kefahaman yang sederhana terhadap boring seragam kontrak diantara pihak-pihak dalam industry pembinaan ini.