



### Issue No. 2, Session 2017/2018

## January 2018

FOR MEMBERS ONLY

FEATURE INTERVIEW

Dato' Sr Aziz, President BQSM

QS and Ethics

FEATURE ARTICLE Ethics, Integrity and 'Kawtim' QS Roles and Responsibility

### LESSONS LEARNT

## Practical and Substantial Completion

The case of *Global Upline Sdn Bhd v Kerajaan Malaysia* [2016]



# **LOOKING FORWARD TO A GREAT 2018**

## Message from the Vice President QS Division

Dear Members,

*Alhamdullilah* this is our second issue of Berita QS for the Session 2017-2018 and it is hoped that this publication will provide useful information for our readers. We would also like to welcome contribution and feedback from our members for our upcoming issues.

A major event for quantity surveyors was the Quantity Surveying International Conference QSIC 2017 held on October 11<sup>th</sup> and 12<sup>th</sup> at Sunway Putra Hotel, Kuala Lumpur. The theme of the conference, "Is Quantity Surveyor still relevant?" has brought many of us out of the woodworks to affirm to others that "*we are relevant*". The speakers in the conference have upheld our significance by demonstrating the roles that QSs' play in the construction industry and in building our country.

What has happened to the QS profession in the United Kingdom could be taken as a lesson of as to where we are possibly heading or already there albeit that we have the QS Act to protect us. Perhaps as a good read, we could look at the book by Duncan Cartlidge (2011) entitled "New Aspects of Quantity Surveying Practice" where he examined the pressures on the QS profession which will continue to evolve to help students and professionals deal with the new challenges they will face. Some of the challenges include sustainability in the built environment; pressures for ethical standards in the QS profession, procurement, IT and global markets. Maybe a study as to our future profession would be a pertinent topic for further research.

QS's have to take note that although the profession are protected by Quantity Surveyors (Amendment) Act 2015; we should always need to keep abreast with the constantly changing scene in the construction industry. Other than being experts in the traditional sense of the QS skills, we need to equip ourselves with the required knowledge and the latest changes in the construction industry. By the same token, other than equipping ourselves with the required skill, knowledge and new tools to the trade, we should not forget about integrity in our profession.

**Integrity** means following your moral or ethical convictions and doing the right thing in all circumstances, even if no one is watching you. **Having integrity** means you are true to yourself and would do nothing that demeans or dishonours you (Source: yourdictionary.com)

Integrity must be part and parcel of our work especially when our judgment is called upon, for example, when giving advice to our clients or when we have to value and certify the cost of the work. Our work demands integrity other than our skills and knowledge and we must remember that people will only want to do work with people whom they trust and if people feel that something is not right they will not be coming back to you.

We as quantity surveyors need to protect our profession and must always act with integrity especially with the onslaught of the various challenges in the industry; any bad act by fellow quantity surveyors will give bad reputation to our profession. This is like the saying "one bad apple can spoil the whole bunch" or as the Malay proverb "sebab nila setitik rosak susu sebelangga".

"Whoever is careless with the truth in small matters cannot be trusted with important matters" - Albert Einstein

"You can fool some of the people all of the time, and all of the people some of the time, but you cannot fool all of the people all of the time." - Abraham Lincoln

Finally to all of you, "Have a Happy and Prosperous 2018" .....and the next step.... What's available for QS in the coming years??

Sr Ahmad Suhaimi Abdul Majid CQS, FRICS, FRISM



## **NEW YEAR 2018 - NEW CHALLENGES**

It's time to change the calendars and organise your plans for the coming year.

How will you approach the challenges and opportunities of globalization and new technologies?

## **Editor's Message**

Assalamualaikum and Greetings to All Quantity Surveyors!

For this New Year 2018, our Editorial Team has accomplished in the publication of another issue in the Session 2017-2018 and our goal is to make Berita QS an eye-opener and informative publication for the QS profession. In this issue we hope to enlighten readers on significant past events in 2017 and upcoming events and activities in 2018.

First and foremost, we acknowledge the contributions of Dato' Sr Aziz bin Abdullah, President of Board of Quantity Surveyors Malaysia (BQSM) and learnt of his concerns and inspirations on professionalism and ethics of the QS profession. Dato' Sr Aziz also shared with us his vision and advice to the quantity surveyors in the face of technology and the crusade of changes in the construction industry.



In relation to ethics, a feature article is shared by an experienced Quantity Surveyor on the realities of ethics and integrity in the industry and identified initiatives by the Government to combat ethical improprieties.



Next, we move on to the principal importance of project delivery. Disputes often arise between the client and the contractor on what constitutes Practical or Substantial Completion. We have included lessons learnt from a significant legal case in the endeavour to highlight this matter and related Non-Completion and subsequent Liquidated and Ascertained Damages issues.

We are now facing the 4th Industrial Revolution (Industry 4.0). In the section titled 'Do you know?' we have included this change as it is one of the leading developments globally, and the need to redesign Malaysia's higher education and the construction industry. This development is significant in the pursuit of elevating our forthcoming prospects in revolutionising the industry in the drive for economic expansion. This is to enable relatively rapid and high quality construction to meet social demand.

Finally, I would like to take this opportunity to invite all of our members to share with the Editorial Committee any ideas or suggestions for ways to further improve our Berita QS in the quest for the profession's knowledge enhancement. I am looking forward to working with all of you.

On a heart-warming note, let us face the new set of challenges and opportunities on a clean slate for the year ahead. We must emphasise on our professionalism and ethics in upholding the integrity of the QS profession - then we are bound to enhance our career exponentially in 2018.



*Chief Editor* Datin Sr Dr Norsiah Mohamad CQS, MRICS, MRISM

## **NEWS AND UPDATES**

TECHNICAL VISIT TO EQUATORIAL PLAZA, KUALA LUMPUR DATE: 4<sup>TH</sup> NOVEMBER 2017



HEALTHY LIFESTYLE AWARENESS WORKSHOP DATE: 25<sup>TH</sup> NOVEMBER 2017 VENUE: CROSSFIT PAHLAWAN, ARA DAMANSARA PETALING JAYA



MEMBERSHIP DRIVE AT TAYLOR'S UNIVERSITY DATE: 24<sup>TH</sup> NOVEMBER 2017





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## **NEWS AND UPDATES**

MONETARY CLAIM AND VALUATION DATE:5<sup>TH</sup> SEPTEMBER 2017 VENUE:ARMADA HOTEL, PETALING JAYA



















## **UPCOMING EVENTS**



## **QS** Fellowship Night

Dinner Theme : Fifty Shades of Grey
Date : 19<sup>th</sup> January 2018
Venue : RISM President's Lounge @ Level 2
Bangunan Juruukur, Petaling Jaya
Time : 5.30 PM

For info: Ms. Vanitha (03—7955 1773) qsdiv@rism.org.my

## RISM Inter Firms Bowling Tournament

Date : 20<sup>th</sup> January 2018

- Venue : U– Bowl 1 Utama, Bandar Utama, Damansara Utama
- Time : 10 AM 1 PM
- Fees :RM300 per Team (4+1) for 3 games

For info: Ms. Esther (03–7955 0253) esther@rism.org.my

Registration must be hand-in by 10<sup>th</sup> January 2018

## RISM INTER-FIRMS BOWLING TOURNAMENT



Venue of Event: U-Bowl 1 Utama

Date: **20<sup>th</sup> January 2018** Time: **10.00 am - 1.00 pm** (Registration: 9.30 am)

Fees: RM 300/Team (4 Players + 1 Reserve x 3 Games)

Prizes: Challenge Trophy (Piala Dato' Sr K. Sri Kandan), Medals & Hampers for Teams and Best Bowlers

Closing Date: 10<sup>th</sup> January 2018

### FEATURE INTERVIEW

QS and Ethics Berita QS had the privilege of interviewing YBhg Dato'Sr Aziz bin Abdullah for his insights on professionalism and ethics of the QS profession. Dato'Sr Aziz is passionate about the significance of ethics to us and its impact on our everyday professional work. He also shared with us his inspirations on the future roles of QS for value added service towards a successful project delivery.

### Biodata

Dato' Sr Aziz bin Abdullah is the President of Board of Quantity Surveyors Malaysia (BQSM) for the 18<sup>th</sup> Session 2017 – 2019 and the Deputy Director General (Business) of Malaysian Highway Authority (Lembaga Lebuhraya Malaysia). Dato' Sr Aziz has experience in construction and contract management on many large and prestigious infrastructure highway projects such as North – South Expressway, Penang Bridge, Kuala Lumpur – Karak Expressway, East Coast Expressway Phase 1 and 2, Damansara – Puchong Expressway, ELITE Expressway, SPRINT Expressway and others.

Dato' Sr Aziz was born in 1959 in Kota Bharu, Kelantan and received his early education there. He completed his Form 5 Education at Sek Men Sultan Abdul Halim, Jitra Kedah. He graduated in BSc Quantity Surveying from Universiti Teknologi Malaysia. Upon graduation, Dato' Sr Aziz joined Malaysian Highway Authority in 1982 and has been there since. His excellent work performance, dedication and passion as QS have raised him up to the top of the ladder in his career in Malaysian Highway Authority. With over 35 years work experience in the industry, Dato' Sr Aziz has shown that a QS is relevant especially on contractual, cost and management of esteemed infrastructure projects in Malaysia.

### What is the current state of standard of Professional ethics and the extent of ethical issues occurring in the Quantity Surveying profession?

Ethics is very subjective as we have to examine it from different angle and perspective, unique circumstances and according to different case basis. Ethical perspective depends on how one analyse what is right and what is wrong, good or bad, rights and duties of a professional Quantity Surveyor. For the QS profession or any other professionals, each profession has their own set of standards and codes that one needs to adhere.

From my personnel opinion, the current standard on professional ethics is depreciating as compared to the early Eighties where most of us are hands-on and are very sharp and meticulous in what we do. Quality and perfection is the key word at that time.

Ethical issues normally arise due to lack of capacity and capability of the QS which results in cutting corners for services rendered. The education system also plays an important role in training future QSs in ensuring a well balanced understanding



and knowledge of QS roles and responsibilities without sacrificing integrity in the process.

I urge all quantity surveyors especially our new breed of young QS to uphold the standards of our profession as outlined in Quantity Surveyor (Amendment) Act 2015 and Quantity Surveyors (Amendment) Rules 2016 and its Guidelines.

As a professional, we should always exercise professionalism in carrying out our responsibility.

What are the roles that a construction professional

especially Quantity Surveyors should play to ensure work is carried out with due diligence and in accordance with ethical practice so that ethical standards can be improved?

The answer to the question has been clearly outlined in the Quantity Surveyors (Amendment) Rules 2016 – Part IV under the Sub-heading Code of Professional Conduct Clause 26 as follows:

### Clause 26(1)

A registered QS shall at all times uphold the dignity, standing and reputation of the QS profession.

### Clause 26(1a)

A registered QS shall at all times exercise the standard of reasonable care, skill and diligence normally expected and accepted by a QS profession.

### Clause 26(2)

A registered QS shall not conduct himself in such a manner or commit any act which in the opinion of the Board is undesirable and disgraceful.

### Clause 26(3)

A registered QS shall not conduct himself in such a manner or commit any act that has or will put the Board in disrepute or by his conduct or act question or injure the integrity or reputation of the Board.

I again urge every Quantity Surveyor who is practicing to abide by our Act, Code of Practice and Guidelines.

With the emergence of the globalized economy for developing countries, construction firms worldwide are actively engaged towards achieving internationally accepted quality levels to ensure a forefront position.

Thus, how can the industry players formulate an agenda to ensure quality is the paramount and coupled with high level of attention towards ethics and professionalism so that we are at par with our counterparts

I am sure we have heard about Construction Industry Transformation Programme (CITP) 2016-2020, Malaysia's national Agenda to transform the Construction industry to be highly productive and environmentally sustainable worldwide by the year 2020. One of the strategic thrust in CITP is to focus on Quality, Safety and Professionalism.

I believe through this CITP's initiatives and through healthy collaboration, working hand in hand construction industry among players, this national agenda will strive and drive our professionals to be one day in the forefront position, God Willing. However, our professionals need to play their role too and instill more quality awareness and professionalism ingrained in their work culture in order to see the light at the end of the tunnel. They need to upgrade themselves to greater heights in terms of knowledge and skill and this can be done through their actions that surpassed others by showing their commitments through ethical standards in maintaining integrity of the profession.

Some of the unethical conducts in the construction industry which can be listed are underbidding, bid shopping, bid cutting and bribery, fraud and negligence, front loading, claim game and payment game.

What is the role of profes-

### sional institutions in educating industry players that such practices are beyond compromised?

Any complains, grievances or dissatisfaction among the public on the unethical conducts of the professional members can be

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forwarded to the Board of Quantity Surveyors Malaysia (BQSM) Ethics Committee for it to be investigated and given due justification or to enforce disciplinary action on the unethical matters.

Besides this BQSM has been publishing in its QS Link Bulletin a 'lessons learnt' section /corner highlighting on some of the common unethical and misconduct cases to be shared among its members. We hope with this will be an eye opener and as a deterrent on unethical conducts to members of the QS fraternity.

Continuing Professional Development (CPD) talks on common issues for example the Do's and Don'ts on unethical conducts of a Professional Registered QS will be one of topics to be addressed in the near future. Perhaps, we

### **FEATURE INTERVIEW**

could also introduce "Ethics Star Ratings" for QS firms.

### In your opinion, what is the most challenging role of QS on exercising ethics and professionalism while conducting our responsibility?

From my opinion, the most challenging role is to deliver competently as what the society expects of a professional and to carry it out with integrity. It demands honesty and candor and whatever we do; it should be free of any conflict of interest.

In whatever we do, there must be truthfulness and reliability in our thoughts, words, actions and relationships. In other words it means integrity or moral soundness.

"O you who believe! Fear God, and be with those who are true (in word and deeds)." (Quran 9:119) Ibn Katheer, the renowned Quran scholar, once said, "Being truthful and adhering to truthfulness, means you will be among the people of the truth and be saved from calamity and that it will make a way out for you from your problems".

### What do you see the future of QS and what are the challenges we face in staying relevant with the industry?

The recent dialogue during the OSIC 2017 has answered this question. Being the President of BOSM, I foresee that the OS profession has brighter opportunities in embracing a broader vision in the near future. My advice is to tap opportunities around us, move forward and not to remain in your comfort zone or nutshell. Professionals and new graduates must evolve and start preparing as the future will be led by digital transformation and data driven processes. Internet-of things is a must to survive in this competitive environment and the changing demand of our local and global clients. Quantity Surveyors who are not yet involved in BIM need to familiarize in using it. It is the way forward in optimizing design information, efficiency and accuracy in project delivery.

Like other professionals in the industry, Quantity Surveyors too need to redefine their roles to remain relevant in the demanding environment as our clients expect greater value-added services.

As professionals we should have in us the passion, intellect and spirit of a QS deep-rooted in ourselves to be exceptional among others in the industry. *Dato' Sr Aziz advice to all Quantity Surveyors:* 

> " Change yourself first before you change **others**"

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## SUMMARY OF LEGAL CASE: PRACTICAL OR SUBSTANTIAL COMPLETION

### Global Upline Sdn Bhd v Kerajaan Malaysia [2016] 1 CIDB-CLR 99

The plaintiff, Global Upline Sdbn Bhd ("GUSB") was contracted by the Government of Malaysia ("Government") for the upgrading of the Kota Kinabalu International Airport under Package 2. This package involved Airside Infrastructure, Air Traffic Control Tower and the New Low Cost Carrier Terminal ("the Works"). The Defendant engaged KLIA Consultancy Services Sdn Bhd. ("KLIACS") as its representative for the purposes of administering the Principal Agreement/Works. The construction of a portion of the new extended Runway 02 involved offshore reclamation works which required approval by the Environmental Protection Department of Sabah ("EPD") and was given subject to certain conditions. Further, due to issues which arose on the construction of the runway, the Plaintiff proposed an alternative method of construction and was approved by the EPD. The Works were divided into three Sections, that is, Section 1, 2 and 3. All three Sections have different completion dates and different rates of LAD in the event of any delay in completion of any of the Sections.

The contractually agreed date of completion for Section 1 was 30<sup>th</sup> April 2012. GUSB claimed to have substantially completed the Works on Section 1 and requested for the Certificate of Practical Completion (CPC) to be issued and for the Performance Bond to be reduced by 50%; while works on other sections was still being carried out. However, the Defendant issued the Certificate of Non-Completion (CNC) instead and imposed LAD on the Plaintiff. The Plaintiff then terminated the contract and stopped all further works. The Defendant also subsequently terminated the contract and called upon the Performance Bond. GUSB sought for declaratory orders and damages including the amount of Performance Bond that ought to have been released i.e. RM36 million, and reimbursement of additional costs for the Environmental Impact Assessment ("EIA") reports and Supplementary EIA for sea reclamation. The Defendant claimed that GUSB did not complete Section 1 as claimed, made a counterclaim on the LAD and rejected the claim for reimbursement.

The issues in question here was; i) whether the Plaintiff had practically or substantially completed Section 1 Works on the contractually agreed date of completion i.e. 30<sup>th</sup> April 2012; and ii) whether the reimbursement of additional cost should be borne by the Defendant.

### Held:

The Court held that the percentage progress of completion may not be conclusive but helpful to determine the completion of works. If works that which it had contracted but not complete by the Plaintiff was a minor character and did not impede the use of the completed works, then the Works have achieved practical or substantial completion. The CNC listed outstanding matters which were minor works. The fact that the airport was able to be re-opened and operate to full 24 hours on an unrestricted basis as approved by the relevant authorities shows that the work was practically or substantially completed.

The Plaintiff's claim was allowed in part with costs and the LAD counterclaim was dismissed. The Plaintiff had achieved substantial completion of Section 1 Works on 30th April 2012 to merit the issue of CPC and release of 50% of the Performance Bond. The Defendant was in breach of contract in failing to issue the CPC. On the reimbursement of the additional cost, the Court found that as the contractor, the Plaintiff is responsible for the design and construction of the Works and to ensure all laws are met. Therefore the responsibility of expenses in relation to the Works should be borne by the Plaintiff.

Source: CIDB (2016), CIDB Construction Law Report 2015, CIDB Malaysia, Kuala Lumpur.

## **LESSONS LEARNT**

### Global Upline Sdn Bhd v Kerajaan Malaysia [2016] 1 CIDB-CLR 99

- 1. This case illustrates what constitutes the completion of the works. It highlights that total or full completion is not necessary for the issuance of Certificate of Practical Completion (CPC).
- 2. What matters is whether the work is substantially or practically completed in its functionality even though there are minor outstanding works.
- 3. Therefore, a well drafted contract should detail out the intention parties of the contract on what is substantial or practical completion. In this way, the Client will be mindful on the issuance of Certificate of Non Completion (CNC) and imposing LAD to the Contractor.
- 4. With regards to the imposing of LAD for cases brought to litigation, it must be accompanied by a valid proof of loss as established in this case and the leading Selva Kumar a/l Muruguah v Thiagarajah a/l Ramasamy [1995] 2 CLJ 374, in which failure to do so would prevent the Client from the entitlement of LAD.



## ETHICS, INTEGRITY AND 'KAWTIM': QUANTITY SURVEYOR ROLES?

by Zulikfli Mohd Zain MAIQS, AssocRICS



One of the oldest professions in the world is the quantity surveyor. Since ancient times, it is said that "if it is ever to be built, it has to be measured" (quote unknown).

What does it means to be ethical? Is it a measurable gesture of something more cynical? One of the elements of contract less spoken but in the local context when I first started my profession in the industry, was from the Chinese expression that represents the meeting of the two minds in settlement - and that word was 'kawtim'. While 'kawtim' is a winning arrangement to some, it is also resentments to those whom had failed to 'kawtim' to secure their own interests. In general 'kawtim' relates to an act of settlement. But we are not talking about 'kawtim' per-se in this article but more towards a perception to uphold and position ourselves on the need to demonstrate a higher degree of professional conduct, particularly in the role of quantity surveyor, when executing our function within the quantity surveying profession, that is 'ethics'. Is 'ethics' something of an individual of conduct, or integrity, or something else? Is ethics measurable? In this article ethics is viewed to represent conduct, and conduct is dictated by the process it has taken or should take.

We need to appreciate that quantity surveying services are no longer belonging to statutory practicing bodies or independent consultants; but now the services have penetrated or should I say the practices and the disciplines of quantity surveying services normally done by consultants are now adopted by many companies requiring an ethical approach of overlooking and pursuing the formation of contracts and commercial settlements and contract closures. The understanding of such approaches are so common that everybody starts to deliver opinions whether the above mentioned was done right or rightly done. In such question, what would be ethical?

We say that a credible output is work well done when everything is openly executed on equal platform and transparencies. Then the integrity and value of the deal is perceived done in an ethical manner and the decision should be respected. No doubt this perception of work well done is perhaps personal to each individual, based on own individual appraisal, and how was this so call 'ethics' appraised? Most appropriately through a set of processes crafted and executed avoiding any concerns or infringement with disrespectful conduct. These processes may vary between one's perceptions to another. Then is disrespectful conduct, to some, again, is a matter of opinion? A question arise here is; does a professional quantity surveyor serves his/her judicial duty independently or with vested interest to protect the right of his/her employer?

The first appraisal is the conduct. As long as the conduct was performed ethically via a set of acceptable process avoiding foul play leading to so call good ethics, then the next thing to consider is whether such processes representing the services were professionally professed, performed by the quantity surveyor is of the highest standard acting as either consultants servicing developers/ investors or procurement officer of the contractors/builders? I viewed these processes must be crafted with input from the set of experiences and competencies that have values. Set aside, ethics that surround the value of integrity, being ethical also means executing professional service to the highest standard on a complete circle and not a half cooked effort. Meaning that to be a quantity surveyor is not only to possess the knowledge of the trades but also being able to deal on matters relating to managements and decision making.

While formal studies during college and universities provide us the principle of formation of contracts, estimating, cost planning and control, on terms of contracts breach and remedy and the parametric and other basis of measurement for estimates and cost plan, to be ethically correct, forming a relationship for contract between the offerer and the offeree must be created based on a set of references fulfilling the needs of both parties and these references and

ESTIMATE CLASS	NOMENCLATURE	MATURITY LEVEL OF PROJECT DEFINITION DELIVERABLES Expressed as % of complete definition	END USAGE Typical purpose of estimate	METHODOLOGY Typical estimating method	EXPECTED ACCURACY RANGE Typical variation in low and high rang- es
Class 5	Order of Magnitude	0% to 2%	Concept screening	Capacity factored, parametric models, judgment, or analo- gy	L: -20% to -50% H: +30% to +100%
Class 4	Intermediate	1% to 15%	Study or feasibility	Equipment factored or parametric mod- els	L: -15% to -30% H: +20% to +50%
Class 3	Preliminary	10% to 40%	Budget authorization or control	Semi-detailed unit costs with assembly level line items	L: -10% to -20% H: +10% to +30%
Class 2	Substantiative	30% to 75%	Control or bid/tender	Detailed unit cost with forced detailed take-ofF	L: -5% to -15% H: +5% to +20%
Class 1	As Built	65% to 100%	Check estimate or bid/tender	Detailed unit cost with detailed take-off	L: -3% to -10% H: +3% to +15%

### Table 1 – Cost Estimate Classification Matrix for Process Industries (Source: AACE, 2016)

documents must have ethical value in content. In quantity surveying services, we normally involve ourselves in the formation of contracts and finalization of the commercial terms - what it means is for a quantity surveyor, we must produce a document to be used by other that is complete and make sense.

Of late many clients are looking at fencing their risks by offering lump sum contracts to contractors using design and build contract. The transfer of the risks are mentioned within the terms of the contracts and clients' expectations upon bidders' submission is to find the best contractor offering the cheapest price. Many frustration expressed by contractors were related the "ethical" arrangement of the bidding process itself. A lot of times a lump sum design and build contract lacks the expressed statement of

need but rather sometimes generalized by the common industry requirement and need, practices and law, for example, design and built for the construction of a factory or a hospital. There were many instances where the documents had ignored the latter inputs received from end users during interactions and not compensating the contractors on the pretext that additional scopes called by the end users were preferential rather than needs. Then the question is who is supposed to manage the end user interaction where most of the times were left to the contractors.

There were also issues on time to submit the bidding and the lack of information in relation to the technical specification and drawings provided. Are these a real problem? Actually the problem arises on both sides of the industry where each party is putting very low value and involvements on cost to execute the exercise of forming a contractual relation between two parties - the developer and the contractor. Developers are not willing to pay the real value of service provided by their consultants thus relying on a services based on a discount value and expect the other party to perform what they are not paying. Why we have such arrangement and end up with a disillusion on ethic is because in a very competitive market, these services performed must commensurate with the hours spend that matched the sum/cost provided for the service. Have you ever heard the expression "where you pay peanuts you gets monkey?" It is all about money.

Here I would like to relate ethics is equal to quality. With a very definitive service that match the

### FEATURE ARTICLE

Therefore it is important that quantity surveyor must also have the set of skill, competencies and knowledge on buildability, constructability and various understanding of methodology of execution of work to appreciate the completeness of the pricing.

cost of services arises from a much defined processes, we can say the production of the document prepared for procurement, as an example, must within a set of process categories determine the quality – for example let us take the process of preparing a pre-bid estimate.

There are many categories of estimates and I would like to tabulate the commonly known category of estimates as in Table 1.

Suffice I share this table without further elaboration. Why is it necessary to mention these categories? It is important for the quantity surveyor to define their basis of pre-bid estimate recording the basis on which categories the estimate was derived. This is because on receiving bids from contractors, the accuracy of the comparison between the pre-bid estimate and the actual estimates submitted by the contractors so as to be able to define under which category they fall. Bidders may want to win the job and each bidder supply their own set of risks. On evaluating the bid submissions,

knowing the basis of the estimates where the risk accuracy is predefined, then the advice recommended by the quantity surveyor should also be more accurate and matching with the market value. The intention is to avoid under cutting the price or over pricing. Thus the lowest may not necessarily be the best cheapest.

These risks as mentioned in Table 1 were based on many years of statistics and trending by reputable organization (e.g. AACE). While most of the times, on a good document, the quantity surveyor will produce a set of bills of quantities and price the bills of quantities to establish a pre-bid estimate, the pricing was normally done based on a unit rate basis. Many instances contractors pricing structure will not match the bills of quantities issued by the quantity surveyor. Coming from the construction industry, a contractor will normally price the works based on the methodology of execution, defining the resource input of plants, materials and labours required for the works and the style of packaging the works and the style of subcontracting. Extracting and deducing the quantities based on their categories – raw materials, bulk materials, and fabricated materials and engineered or designed materials. Therefore in a review session when a contractor receives remark that particular line item of bills of quantities prepared as a guide in a lump sum contract is higher or lower as compared to the submission by the contractor, each parties must understand that the pricing was not done based on a unit price basis. Therefore it is important that quantity surveyor must also have the set of skill, competencies and knowledge on buildability, constructability and various understanding of methodology of execution of work to appreciate the completeness of the pricing. In order to raise the standard of services, the service provider must have hands-on involvement with the works.

Many contractors felt that to share such own detailing in their subcontracts formations and approaches in pricing methodology is not a problem except that such sharing as intended for improving and developing the service quality of quantity surveying is not used against the contractor. Here the issue is trust. I found that most of the time consultants are very desirous to impress their clients and to suffocate contractors by finding ways to cut cost and avoid reviewing entitlement particularly when there are lacks of documentations despite evidence of facts and circumstances pledged witnessed by the team involved in the projects that such entitlement exists. So the impact of ethics again is being measured as taking advantage on lack of documentations by either party. 'Kawtim' in such circumstance would be an avenue and is perceived as being more gentlemen in a settlement (or gentlewoman to avoid gender discrimination).

One of the important exercise that quantity surveyor must have is the passion to take and to make sure that there is a register developed on the various appointments of subcontractors procured by the contractors and specific terms in the contract must be mentioned for sharing such nominations (maybe with exception of the commercial numbers).

On various occasions, the appointments of quantity surveyor are to provide services defined by the statue of their services. With appreciation by some, quantity surveyor's role is fundamental in determining the commercial and feasibility of client's commitment to the cost of their investment. The reality is the input of the services is actually executed by individuals that represent the organization thus the quality of the individuals and the skill sets that they possess will reflect the ability to reach the level that allow these individuals to appreciate the concept of any contractual and entitlement arguments and where does the issues come from to give real value to the employer. Broader acumen is thus required and for obvious reason there is a price of competency. This is being said that sometimes I experienced a major deal was asked to be driven by a very industry junior, thus ethically was unable to reach a meaningful negotiation and conclusion.

So is ethics measurable as doing it right as opposed to doing the right thing and is 'kawtim' an ethical gentlemen agreement?

Guideline to ethics is always a reference made produced by the institutes representing the professionals and in Malaysian context, for quantity surveyors, are BQSM and RISM. What is more important is for the profession to adapt to the culture of local content as to how the business is run. This is said so that people will understand and appreciate the availability of the infrastructures of the business. As much as we are promoting par excellence in our services and the delivery of construction projects, construction players are still being controlled by the middle size to small size businesses that have very little appreciation to ethics in the industry. It could be caused by lack of involvement or lack of appreciation and directly resulting to the effort of survival in very competitive and small markets.

On a recent convention jointly organized by Malaysian Institute of Integrity and Petronas carrying the theme of "Reinforcing Integrity -Top Down All Around" (National Integrity Convention, 2017), as participant in the round table discussion, the liability on ethics and integrity was that the need for survival by the contractors surpassed ethics and integrity due to limited businesses and competitiveness and despite the awareness of ethics and integrity on these business, to continue to upheld such values are often discounted by the need to survive.

In Tan Sri Wahid's keynote address during the convention, he shared his hope that each and every one of us will play their part not only in embracing integrity as one of the core principles and values, but also in putting integrity into action. "This means, among others choosing the right leaders for our respective organizations', ensuing the integrity of our records and financial statements, ensuring we do not perpetuate corruption by paying bribes in order to secure contracts or favours and to whistle blow when we see acts of dishonesty" (National Integrity Convention, 2017).

We can conclude that when it comes to ethics, there are two aspects of the compositions, that is, being able to conduct within the standard and competency level that fulfills the need of employing such services and to ensure that there is a high level of integrity of conduct to avoid any act of dishonesty.

Corruption on construction projects occurs in many forms and manner. It may happen at any stage of the process, from inception to completion. Some of the forms on how it can happen are as follows (MACC 2017):

- corrupt payment
- extortion

### FEATURE ARTICLE

- fraud
- deception
- cartels
- collusion
- abuse of power
- embezzlement
- trading in influence
- money laundering
- and/or equivalent criminal offences

The red flags are littered all over the process chart. It may take place at any phase of a project, from the very beginning of land acquisition to project selection, funding, planning, design, tendering, execution, operation and maintenance.

The people involved could be any one from the government, project owner, financier, consultants, contractors, subcontractors, suppliers, joint venture partners, and agents. It may occur at any level of the contractual structure. While it is rampant, still it is not easy to detect since the culprits, willing or otherwise, usually conceal or reluctant to report it. And people are more inclined towards corrupt practices when and where the opportunity arises - from a place of power/ authority to make decision and the need to get things done to satisfy the paymaster or the need to comply with the prerequisite rules and regulations or simply to meet deadlines (MACC 2017).

On the above observation we can see that the act of dishonesty is not only behavioural but also triggered by opportunity. It happened because the people involved in the processes had allowed openings and opportunities to infringe the integrity of the processes and contributed from lack of ethical value in the output of the works and also the self-value on integrity and honesty.

Recently, Malaysian Institute of Integrity jointly with CIDB had

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developed a guideline on Construction Industry Standard. As part of Construction Industry Transformation Program, a book on guidelines on Construction Integrity and Governance will be published by CIDB and it is hope that with this, more awareness on ethical conduct will be embossed into the industry from professionals down to general labours.

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### About the Author

Mr Zulkifli Mohd Zain holds a Bachelor Degree in Applied Science in Quantity Surveying from University of Canberra Australia. He is a member of the Australian Institute of Quantity Surveyors and an Associate Member with the Royal Institute of Chartered Surveyors (UK). He is also a Committee Member in Master Builders Association Malaysia for IBS Division for Session year 2017-2018. He has worked with three Quantity Surveying practices in Australia and Malaysia. Mr Zulkifli has developed his outstanding career in the construction industry whilst working for several multi-national companies.

**\*\*Note from the Chief Editor** This article is a review of ethics from the writer's personal observations and work experience in the construction industry.



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## 4th Industrial Revolution (Industry 4.0) "Redesigning Malaysia's Higher Education and the Construction Industry"

The current education system needs to consider the importance of new advancements to cater for tomorrow. The arrival of Industry 4.0 may mean that students today may not have jobs in the fields for which they are studying, or may lack skills and knowledge necessary for areas where there will be jobs growth. The government and private sector must start adopting drastic measures

now to prepare for the coming breakthrough by resetting up our education system and focusing more on the areas to develop a thinking and entrepreneur culture, which can embrace new technology.

The Ministry of Higher Education (MOHE) is taking proactive measures to redesign the education system by exploring the impact of technological advancements, automation and innovative aspects brought by the Industry 4.0 into the current job markets. Through several initiaves, the Ministry aims to strengthen the understanding and identifies the issues and challenges related to human capital development in the country in addressing the global challenges of the Industry 4.0.

In line with the Malaysia Education Blueprint (Higher Education 2015 - 2025) and the 4th Industrial Revolution (Industry 4.0), learners for 21st Century are inspired with the concept of learning 'anywhere', 'anytime' and for 'anyone'.

Currently, the Ministry has initiated many programmes such as the Integrated Cumulative Grade Point Average (iCGPA) whereby students in higher learning institutions will be evaluated based on academic, cocurricular, social and voluntary activities. Other on-going initiatives such as Massive Open Online Courses (MOOCs), CEO@Faculty Programme, 2u2i Work-based Learning Programme, which means 2 years at university and 2 years in industry and furthering higher studies using past experience through Accreditation of

Prior Experiental Learning (APEL) are also progressing well. Some of the Built Environment related courses that are now on Massive Open Online Courses (MOOCs) are Construction Technology and Construction Law.

This new education framework looks at the methods used in assessing students, industry participation in academic programmes, recognition of learning based on prior experience, granting credit for online learning, enhancement of the work-based learning programme and many more.

In relation to the construction industry, it relies mainly on the conventional approach of the traditional range of capabilities of non-digital approaches to manage its activities. The industry needs to confront its hesitancy to change and adopt the innovation being applied in other areas to drive efficiency, improve sustainability, improve safety and quality, and reduce waste.

The construction industry need to embrace the digital age and become a follower in the 4<sup>th</sup> Industrial Revolution. It is now up to the construction industry to

adopt the digital age whole heartedly for example by using the techniques of Building Information Modelling (BIM). The

potential value has yet to be fully appreciated as, much of the Industry does not understand the real advantages of BIM and is unwilling to take the risks, both financial and operational and investing in its capabilities.

Visit www.mohe.gov.my for further information.



Figure 1: The 10 shifts in Malaysia Education Blueprint (Higher Education) 2015-2025 Source: Ministry of Education Malaysia (2015)

## **QS DIVISION MEMBERS AS OF DECEMBER 2017**

CATEGORY OF MEMBERS	NUMBERS OF MEMBERS			
FELLOW	188			
MEMBER	1180			
GRADUATE	1428			
PROBATIONER	167			
TECHNICIAN	1			
ASSOCIATE MEMBER	1			
STUDENT	736			
STUDENT (Above 5 Years)	697			
TOTAL	4398			

For registration info, please visit: http://www.rism.org.my/



## Royal Institution of Surveyors Malaysia

## Scholarship & Education Fund

Royal Institution of Surveyors Malaysia invites applications from Malaysian Citizens for Educational Loans to pursue full-time courses at local universities (IPTA & IPTS). **All courses must be accredited by MQA.** The exemption of repayment is subject to **First Class Honours** only.

## How to apply:

The application form, may be obtained from the RISM Secretariat or downloaded from RISM website:

## http://www.rism.org.my



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