

**CIPAA Statistical
Report 2018**

DIRECTOR'S MESSAGE



It gives me immense pleasure to introduce the Asian International Arbitration Centre's (the "AIAC") 2019 Statistics on the Construction Industry Payment and Adjudication Act (CIPAA) 2012 (the "CIPAA").

We at the AIAC have had the privilege of participating in the development of the CIPAA since its enactment in 2014. The CIPAA has since become one of the most effective and efficient mechanisms for the resolution of payment disputes in the construction industry in Malaysia and it has continued to rapidly grow in use across the country.

The statistics outlined in this report aim to provide a brief insight into key trends relating to the CIPAA, as collated by the AIAC, for the 2018 Calendar Year (i.e. the period between 1st January 2018 and 31st December 2018) and the 2019 Fiscal Year (i.e. the period between 16th April 2018 and 15th April 2019).

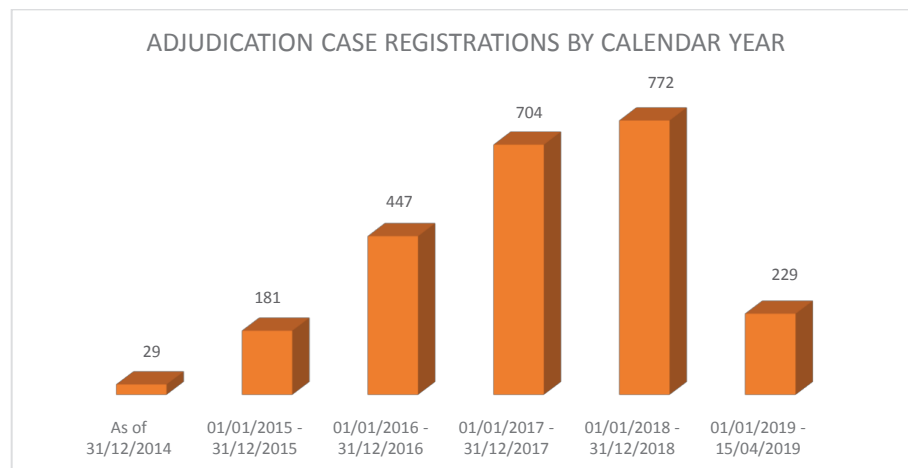
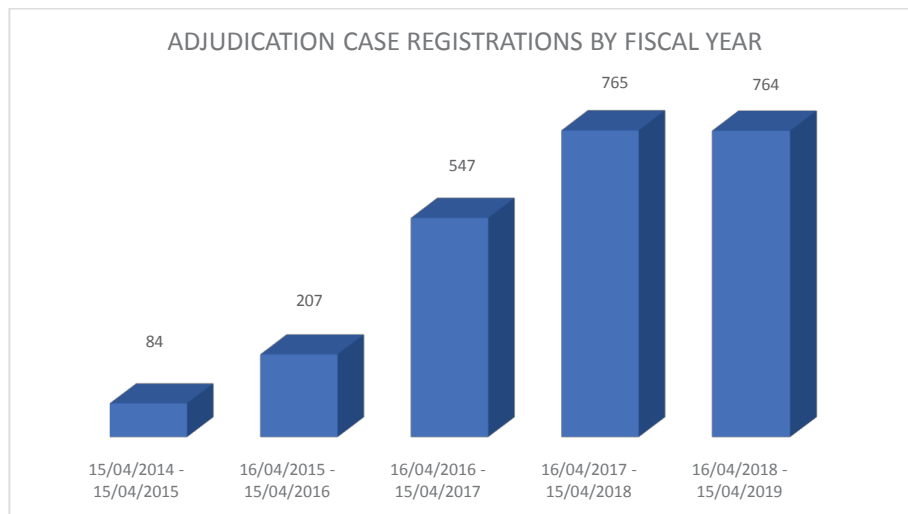
I hope that the statistics showcased in this report are illustrative of the utility and the growing acceptance of the CIPAA in the resolution of payment disputes in Malaysia. I would like to end this message with hopes of a bright future for the CIPAA and its development in this country.

Thank you.

Yours sincerely,

VINAYAK PRADHAN
Director

Historical Case Registrations



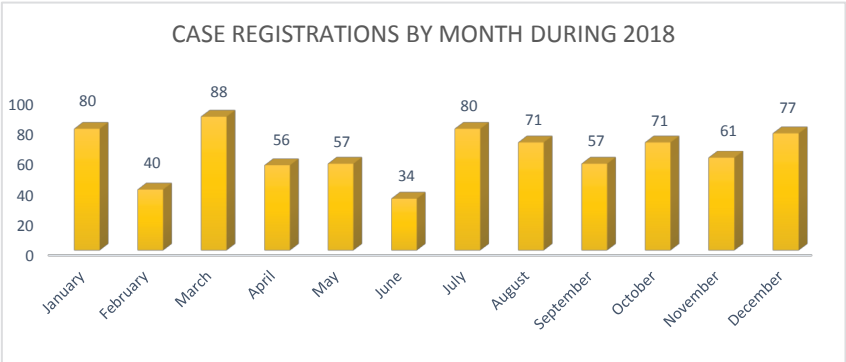
Total Case Registrations

During the 2018 calendar year, the AIAC recorded a total of 772 cases. This is an increase compared to the 711 cases registered during the 2017 calendar year. Although the overall number of cases had increased between 2017 and 2018, the growth rate of the number of cases registered had starkly decreased: between 2016 and 2017, registered matters grew by 53.5%, whereas between 2017 and 2018, case registrations only increased by 8.5%.

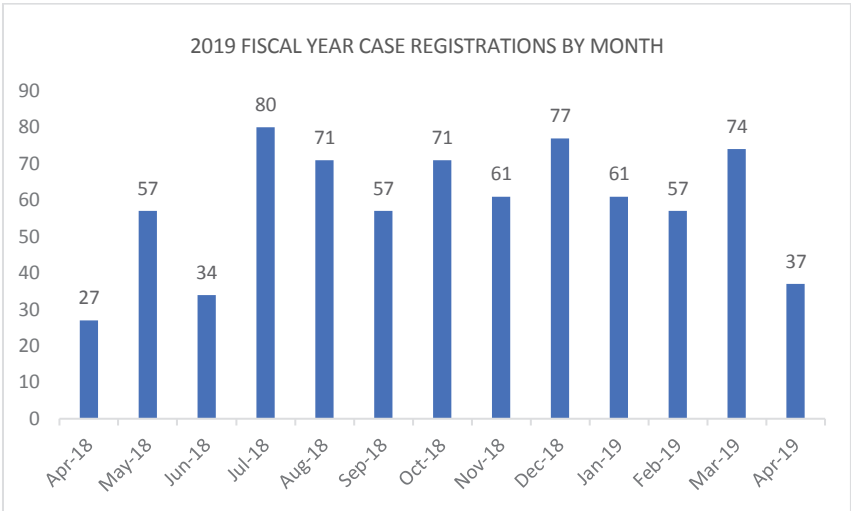
In terms of the 2019 CIPAA Fiscal Year between 16th April 2018 and 15th April 2019 ("2019 Fiscal Year"), the AIAC recorded a total of 764 cases. This is more or less on par with case registrations during the 2018 CIPAA Fiscal Year between 16th April 2017 and 15th April 2018 which totalled 765 cases. In terms of a detailed breakdown, between 16th April 2018 and 31st December 2018, the AIAC registered a total of 535 adjudication cases and between 1st January 2019 and 15th April 2019, the AIAC registered a total of 229 cases.

Case Registrations by Month

March is usually the calendar month during which AIAC records a high number of matters. March 2018 was no exception with 88 registered matters, being the busiest month in the 2018 calendar year followed by January and July both having 80 cases registered.



In terms of case registrations during the 2019 Fiscal Year, similar results prevailed indicating that July 2018 had the highest number of cases (80 matters) closely followed by March 2019 (74 matters). Interestingly, case registrations between 1st January 2018 and 15th April 2018 and 1st January 2019 and 15th April 2019 were similar with the former recording 244 cases and the latter recording 229, reflecting a 6% decrease.



Amounts in Dispute

Between 1st January 2018 and 31st December 2018, payment disputes registered with the AIAC reflected a quantum of over RM2.4 billion, which is a major increase from RM1.4 billion in 2017. The average amount in dispute during the 2018 calendar year was within the range of RM1.8 million and RM2.9 million. The total sum awarded by adjudicators during the 2018 calendar year totalled approximately RM1.1 billion.

During the 2019 Fiscal Year, the results were fairly similar with payment disputes registered with the AIAC reflected a quantum of over RM2.5 billion. The highest payment claim amount during the 2019 Fiscal Year was approximately RM126 million (October 2018) and the lowest amount in dispute was approximately RM1,780 (February 2019).

Matters by Claimed Amounts

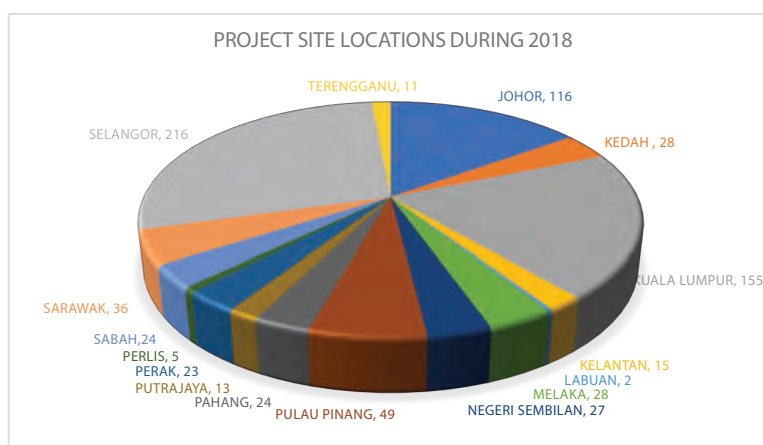
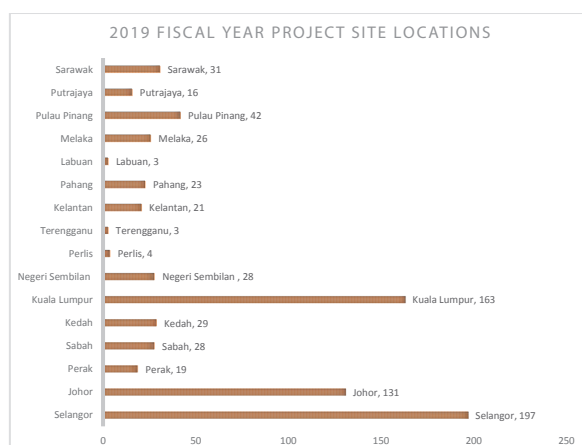
The table below indicates a breakdown of claims during each fiscal year with respect to the amount in dispute. Out of the 2,367 adjudications registered with the AIAC between 15th April 2014 and 15th April 2019, approximately 66.7% of the matters related to claims with a quantum of RM1,300,000 and below. This reinforces the strength of the CIPAA in resolving low value payment disputes.

CLAIMED AMOUNT (RM)	FISCAL YEARS					Total
	15/04/2014 – 15/04/2015	16/04/2015 – 15/04/2016	16/04/2016 – 15/04/2017	16/04/2017 – 15/04/2018	16/04/2018 – 15/04/2019	
Exceeding 15,000,000	5	14	15	15	42	91
10,000,001 - 15,000,000	5	4	8	20	15	52
5,000,001 - 10,000,000	3	19	44	40	42	148
3,300,001 - 5,000,000	4	14	33	38	41	130
2,800,001 - 3,300,000	2	7	21	19	23	72
2,300,001 - 2,800,000	1	1	10	27	20	59
1,800,001 - 2,300,000	1	6	26	29	25	87
1,300,001 - 1,800,000	4	12	32	42	57	147
800,001 - 1,300,000	6	13	44	77	76	216
300,001 - 800,000	17	48	135	161	165	526
150,001 - 300,000	10	22	53	111	96	292
Up to 150,000	26	47	126	186	162	547
Total	84	207	547	765	764	2367

Project Site Location

Out of the 772 registered matters during the 2018 calendar year, 371 of them had their project site location in the Klang Valley, representing 48.0% of total registrations. Specifically, Selangor and Kuala Lumpur each represented 28.9% and 20.1%, respectively, of the total case registrations.

Similarly, out of the 764 case registrations during the 2019 Fiscal Year, 360 of them had their project site location in the Klang Valley, representing 47.1% of total registrations.

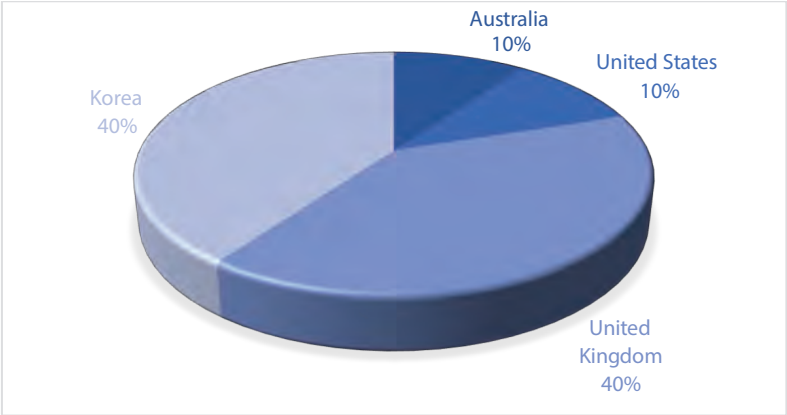


Empanelled Adjudicators

The total number of empanelled adjudicators as of 31st December 2018 is 510 domestic adjudicators and 87 international adjudicators.

Foreign Parties

In 2018, we saw 10 proceedings which concerned foreign parties, foreign meaning non-Malaysia. 40% of the foreign parties were from both Korea and the UK and 10% of the foreign parties were from both Australia and the US.

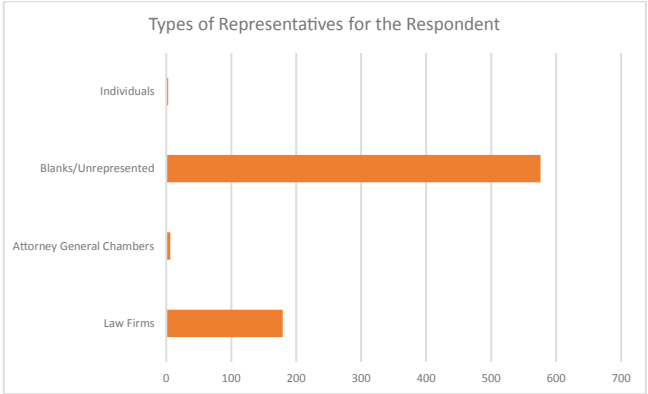
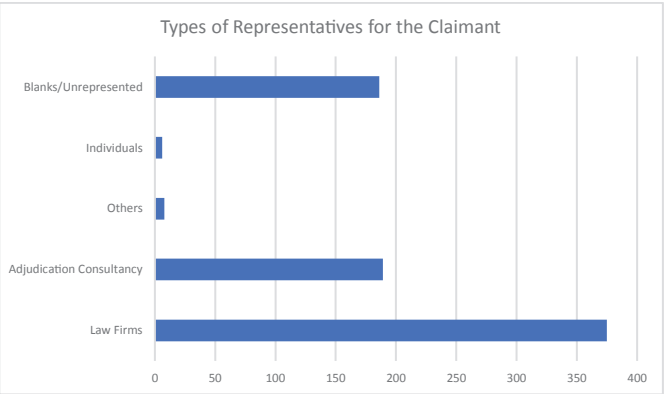


Party Representatives

During the 2019 Fiscal Year, the primary categories for party representatives were law firms, adjudication consultants, individuals, other representatives and self-represented parties.

In terms of statistics for the Claimant, 49.0% of Claimants were presented by law firms, 24.7% of Claimants were represented by adjudication consultants, and 24.3% of Claimants were either unrepresented or self-represented. The remaining 2% of Claimants were either represented by individuals or other types of representatives.

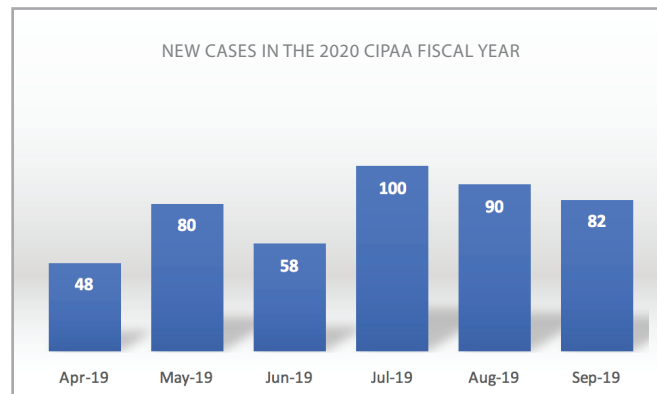
In terms of statistics for the Respondent, 75.4% of Respondents were either unrepresented or self-represented, 23.4% of Respondents were represented by law firms, and the remaining 1.2% of Respondents were either represented by the Attorney General's Chambers or by individuals. Interestingly, no Respondent was represented by an adjudication consultant or any other type of representative.



Conclusion

The statistics outlined in this report speak volumes about the success of the CIPAA. They demonstrate a trend towards parties in matters where a large quantum is disputed, trusting the CIPAA mechanism as a method of first resort as opposed to resolving such payment disputes through traditional mechanisms such as litigation or arbitration. Likewise, the willingness of parties to bring low value claims under the CIPAA is a testament to public confidence in the efficacy of the CIPAA mechanism. We anticipate that similar trends will be identified during the 2019 Calendar Year and the 2020 Fiscal Year.

In this regard, we are pleased to release our preliminary statistics for the 2020 CIPAA Fiscal Year. Specifically, between 16th April 2019 and 30th September 2019, the AIAC received a total of 458 new adjudication cases.



Given the importance of releasing timely statistics, we at the AIAC will be releasing regular updates on our adjudication and other alternative dispute resolution (“ADR”) statistics throughout 2020 by incorporating the same in our triannual newsletters. We hope that these statistical updates will be beneficial for the public in understanding the importance of adjudication and other ADR mechanisms in the wider ecosystem.



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