



27 December 2017

Attn: SAS Members

**Circular 01/17 - (1) Dispute Resolution Clauses in Security Contracts; (2) Letter to Buyers on Increases to Security Manpower Deployment Costs**

Dispute Resolution Clauses in Security Contracts

1. It has come to the Office of the SAS Counsel's (the "OSC") attention that many security contracts being proposed by security buyers and managing agents do not contain **dispute resolution clauses**. The absence of a dispute resolution clause will severely prejudice security agencies in the event that there is a disagreement between parties on the contract, as there is no prescribed method for parties to settle their disputes. Where disputes affect payment, security agencies will not have a quick way to settle the issues and receive payment.
2. Members should ensure that security contracts that they sign contain a dispute resolution clause. Dispute resolution clauses can have recourse to mediation, arbitration and/or litigation in the event of a dispute. OSC recommends the dispute resolution clause having recourse to the Law Society Arbitration Rules, as the process is speedy and cost-effective. The clause is as follows:

*"Any dispute arising out of in connection with this Contract including its existence, validity or termination, shall be determined in accordance with the LawSoc Arbitration Rules applicable at the commencement of the arbitration."*

3. The Law Society Arbitration Rules may be found at the law Society Website.

Letter to Security Buyers on Increases to Security Manpower Deployment Costs

4. As members are aware, the Security Tripartite Cluster has announced increases to the Progressive Wage Model basic salaries from 2019, and the removal of the Overtime Exemption in 2021. This, coupled with the additional requirements in the Security Agency Grading Exercise criteria, will lead to a significant increase in costs to security agencies, and consequently, to security buyers. In this regard, security agencies must increase their rates moving forward.
5. SAS has therefore prepared a letter to buyers that members can use to support their rate increases, which is enclosed. The rate increases stipulated are as estimated by SAS.
6. Queries on the above may be directed to [counsel@sas.org.sg](mailto:counsel@sas.org.sg) or 6836 0933.

Faithfully,

**Office of the SAS Counsel**  
*James Ong*

Office of the SAS Counsel

Address: 2 Kallang Avenue, #09-04, CT Hub, Singapore 339407 • Tel: 6836 0933 • Fax: 6444 6847 • E-mail: [counsel@sas.org.sg](mailto:counsel@sas.org.sg)

Web: [www.sas.org.sg/counsel](http://www.sas.org.sg/counsel)

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