



# Assessment task 2 – Contract selection

Student name: XIAO TAN

STUDENT ID: 100571116

**CPCCBBC4003A**

Student name: XIAO TAN  
Student ID: 100571116

## Contents

Introduction .....	2
Assessment task – Contract selection.....	3
1. why the particular contract type was chosen for the selected project/site? .....	3
2. whether a different contract for the select project/site may have been more suitable, stating the reasons why this is the case.....	4
3. the range of documents that may be required for the chosen contract .....	4
4. the reasons why the chosen contract is legally valid.....	5
5. the requirements associated with the offer and acceptance of the contract. ....	5
Conclusion .....	8
Reference .....	8

## Introduction

### **Purpose of assessment**

To provide evidence that appropriate building contracts can be selected for the works to be undertaken.

This assessment task accounts for 30% of total assessment.

### **Assessment task**

Choose an actual low-rise construction project/site. Using this project/site, provide evidence which clearly demonstrates that appropriate contracts can be selected and all documents that collectively make up a contract are identified, prepared and applied.

You must provide sufficient evidence that meets the purpose of assessment as described. As a minimum, discussion must cover:

- why the particular contract type was chosen for the selected project/site
- whether a different contract for the select project/site may have been more suitable, stating the reasons why this is the case
- the range of documents that may be required for the chosen contract
- the reasons why the chosen contract is legally valid
- the requirements associated with the offer and acceptance of the contract.

Assessment for this task will require demonstrating an understanding of all aspects by submitting a written report or folio, such a report may include written text, diagrams, photographs, etc.

## Assessment task 2 – Contract selection

### 1. why the particular contract type was chosen for the selected project/site?

This is a lump sum cost residential contract. A lump sum contract being a legally enforceable document under which the builder is contracted to complete the building works for a fixed amount (lump sum). This enables the home owner and the builder to know exactly what work will be performed, at what price, by what date and any special conditions which apply (eg penalties for late completion).

#### 2. Contract Price (Clause 12)

Price excluding GST	\$ 698,000.00 <i>inc GST</i>
GST on the above amount	\$
<b>Contract Price including GST</b>	<b>\$ 698,000.00</b>

The Contract Price is GST inclusive.

The contract with carpenter as well, lump sum contract with fixed price.

Please find our quotation for the sub floors, frames, internal lock up, external lock up, fixing for 2 units 2 two stories on sub floor unit 2 to have step up 340mm.

	Unit 1	Unit 2	
Sub floors	\$5601.65 ✓	\$1336.52 ✓	TO BE INVOICED 10/11/17 - 2000
Fixing lower flooring	\$1560.00	\$1560.00	17/11/17 2011
Frames	\$12458.32	\$14001.68	17/11/17 2012
Internal lockup	\$4337.30	\$4750.45	
External lockup including eaves, porches,	\$2280.00	\$2231.44	
Decking's	\$2085.00	\$2238.63	
Fixing	\$4004.96	\$4505.40	
FINAL FIT OFF	\$ 1040.00	\$1040.00	
<b>TOTAL</b>		<b>\$33,367.23</b>	<b>\$37,684.12</b>

NOTE ALL MATEIRIAL TO BE SUPPLIED BUILDER, TAKE OFF BY SHADOWLINE  
CONSTRUCTIONS ALL POSSIES AND TRUSSES TO BE SITE MEASURED, CONCRETE  
FOR STUMPS, HOLE EXCVATER, STUMPS, TO BE SUPPLIED BY BUILDER  
EXTRA LABOUR IF REQUIRED WHERE NOT SPECIFIED WILL BE CHARGED AT \$60.00  
PER HR  
ALL PRICES ARE PLUS GST  
Progress payments required

## 2. whether a different contract for the select project/site may have been more suitable, stating the reasons why this is the case

Yes, a different contract may have been more suitable.

Sometimes builder prefer cost plus contracts rather than Lump sum contract.

Since under a cost-plus contract, the proprietor pays the contractor the actual cost of the work plus agreed profit above the actual cost. It means, to some extent, the builder's profit could be guaranteed. Sometimes, the contractor has already built up very strong trust with the owner or developer, they have effective communication as what constitutes cost cannot lead to conflict between them. A cost-plus type contract without a guaranteed maximum price (GMP), it will be more flexible and easy control from builder's prospective.

## 3. the range of documents that may be required for the chosen contract

- a formal instrument of agreement which is signed by both parties (ie the contract itself)
- general or special conditions of contract – standard form or specially prepared by lawyers
- plans
- drawings: usually architectural and engineering drawings, also include landscape architects and interior designers.
- specifications
- schedules
- bill of quantities
- project timelines
- material lists
- human resource projections
- equipment, site accommodation and services information
- other information as required.

SECTION C	BEFORE WORK BEGINS	
Clause 14	Owner to Supply Documents .....	22
Clause 15	Copyright.....	22
Clause 16	Interpretation of Contract Documents .....	22, 23
Clause 17	Owner Must Identify the Land .....	23
Clause 18	Building Permit Fees .....	23
Clause 19	Planning Approvals and Building Permits.....	24
Clause 20	Insurance .....	25

**Owner to Supply Documents**

14.0 If the **Owner** supplies the **Specifications, Plans** and/or **Engineer's Design** the **Owner** must supply a sufficient number of copies to allow the **Builder** to construct the **Building Works** and to obtain the necessary approvals.

**Copyright**

15.0 If the **Builder** constructs the **Building Works** in accordance with **Plans** which may incorporate designs which are:

- supplied by the **Owner**;
- prepared under instruction from the **Owner**; or
- prepared from sketches supplied by the **Owner**,

then:

- the **Owner** warrants that the **Owner** has the right to use the design and **Plans** and that no breach of copyright is involved in constructing the **Building Works** in accordance with the **Plans**; and
- the **Owner** indemnifies the **Builder** in relation to any claim for breach of copyright.

15.1 A claim for breach of copyright brought against the **Builder** is a breach of this Contract by the **Owner**.

#### 4. the reasons why the chosen contract is legally valid

Because all the document and criteria required are qualified. All the processes are completed before signed the contract, including contractor scope meeting and the assessment of the contractor's capacity.

#### 5. the requirements associated with the offer and acceptance of the contract.

There are a few requirements associated with the offer and acceptance of our contract, such as payment, providing information and document of the project, be responsible for the extra cost and relevant legal responsibilities.

**Owner to Supply Documents**

- 14.0 If the **Owner** supplies the **Specifications, Plans** and/or **Engineer's Design** the **Owner** must supply a sufficient number of copies to allow the **Builder** to construct the **Building Works** and to obtain the necessary approvals.

**Copyright**

- 15.0 If the **Builder** constructs the **Building Works** in accordance with **Plans** which may incorporate designs which are:
- supplied by the **Owner**;
  - prepared under instruction from the **Owner**; or
  - prepared from sketches supplied by the **Owner**,
- then:
- the **Owner** warrants that the **Owner** has the right to use the design and **Plans** and that no breach of copyright is involved in constructing the **Building Works** in accordance with the **Plans**; and
  - the **Owner** indemnifies the **Builder** in relation to any claim for breach of copyright.
- 15.1 A claim for breach of copyright brought against the **Builder** is a breach of this Contract by the **Owner**.

**Owner Must Identify the Land**

- 17.0 The **Owner** must show the **Builder** the boundaries of the **Land** and warrants that they are correct and put up a sign on the **Land** showing the **Owner's** name and the lot or street number.
- 17.1 If the **Builder** has a reasonable doubt about whether the boundaries are correct, the **Builder** must notify the **Owner** in writing and the **Owner** must obtain a survey within 7 **Days**.
- 17.2 If the **Owner** does not do so within 7 **Days**, the **Builder** may, as the **Owner's** agent, obtain the survey. The **Owner** must pay to the **Builder** the price of the survey, including an amount for the **Builder's** profit and overheads being the percentage as shown in Item 10 of Schedule 1 applied to the cost of the survey, with the next **Progress Payment**.

**Owner Must Identify the Land**

- 17.0 The **Owner** must show the **Builder** the boundaries of the **Land** and warrants that they are correct and put up a sign on the **Land** showing the **Owner's** name and the lot or street number.
- 17.1 If the **Builder** has a reasonable doubt about whether the boundaries are correct, the **Builder** must notify the **Owner** in writing and the **Owner** must obtain a survey within 7 **Days**.
- 17.2 If the **Owner** does not do so within 7 **Days**, the **Builder** may, as the **Owner's** agent, obtain the survey. The **Owner** must pay to the **Builder** the price of the survey, including an amount for the **Builder's** profit and overheads being the percentage as shown in Item 10 of Schedule 1 applied to the cost of the survey, with the next **Progress Payment**.

### Planning Approvals and Building Permits

#### NOTE

Some Councils have Planning Laws and special requirements that may affect the building of a new home within their municipality. There may be special restrictions on the positioning of the home on the land and/or restrictions on the type and/or colour of exterior building materials.

- 19.0 The **Owner** is responsible for obtaining and paying for any planning approval that is required unless stated otherwise in Item 4 of Schedule 1. The party obtaining such planning approvals must take all reasonable steps to do so within the time period shown in Item 4 of Schedule 1.
- 19.1 Subject to the receipt of the planning approval and if the **Owner** has not already got the necessary building permits, the **Builder** must apply for them within **14 Days** after receiving evidence of the **Owner's** title to the **Land** and ability to pay under Clause 13.
- 19.2 If the **Builder** obtains the building permits, the **Builder** must give copies of the permit documents to the **Owner**, if requested to do so.
- 19.3 If the necessary planning approval and/or building permits are not obtained within the time specified in Items 4 or 5 of Schedule 1, then if:
- neither party is at fault, either party may bring this Contract to an end by giving written notice to the other;
  - the **Builder** is at fault, the **Owner** may bring this Contract to an end by giving the **Builder** written notice; or
  - the **Owner** is at fault, the **Builder** may bring this Contract to an end by giving the **Owner** written notice,

### Variations to State or Commonwealth Tax Laws

- 22.0 The **Owner** must pay to the **Builder** a sum equal to any increase in any tax, duty or charge which takes effect after the date of the Contract and which causes an increase in the cost to the **Builder** in complying with the Contract. Such sum shall be paid by the **Owner** to the **Builder** with the **Final Payment**.

### Possession

- 25.0 The **Owner** must, within **7 Days** of receiving a request from the **Builder**, give the **Builder** exclusive **Possession** of the **Land** to carry out the **Building Works**. The **Builder's** right to **Possession** of the **Land** is under a contractual licence only. The **Builder** has the **Owner's** authority to allow or refuse anyone access, and may remove unauthorised people from the **Land**.
- 25.1 The **Owner** or an authorised officer of the **Lending Body** is entitled, after giving the **Builder** reasonable prior notice, to go on the **Land** to inspect the **Building Works** at reasonable times provided that such inspection does not delay or interfere with the progress of the **Building Works**.



**Owner Must Not Direct  
Builder's Workers**

- 27.0 The **Owner**, or an agent acting on behalf of the **Owner** or an officer of the **Lending Body**, must not make inquiry of or give directions to the **Builder's** workers or **Sub-Contractors** on the **Site** or elsewhere.

**Owner Must Arrange  
Lending Body  
Inspections**

- 28.0 The **Owner** must notify the **Builder** in writing if and when the **Lending Body** will want to inspect the **Building Works** before making a **Progress Payment**. The **Builder** must do everything reasonable to assist the **Lending Body** to inspect the **Building Works**. This includes sending a notice that a stage has been completed to the **Lending Body** at the same time as one is sent to the **Owner**.

**Owner Must Make  
Progress Payments**

- 30.0 The **Owner** must pay the amount of a **Progress Payment** set out in Schedule 3 within the number of **Days** set out in Item 7 of Schedule 1 after both:
- the stage has been completed; and
  - the **Owner** has received a written claim for the **Progress Payment**.
- 30.1 If the **Owner** is getting finance from a **Lending Body**, the **Owner** must give the **Lending Body** an authority, while this Contract lasts, to make payment direct to the **Builder** of any amount the **Owner** agrees has become due under this Contract. The **Owner** must notify the **Lending Body** when each stage is completed and the payment is due.

## Conclusion

In conclusion, this assessment demonstrates the evidence that various types of building contracts can be identified and essential elements, sections and clauses can be analyzed.

## Reference

Select and prepare a construction contract CPCCBC4003A Learner Resource  
MT construction Pty Ltd's contract: 37 Springfield Road, Box Hill North.

Student name: XIAO TAN  
Student ID: 100571116