



CPCCB4003

Select, prepare and administer a construction contract

Assessment 2 of 3

Short Answer Questions



Assessment Instructions

Task overview

This assessment task requires you to answer **four (4)** short answer questions. Read each question carefully before typing your response in the space provided.



Assessment Information

Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.

Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g. allowing additional time)
- the evidence gathering techniques (e.g. oral rather than written questioning, use of a scribe, modifications to equipment)

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

Question 1

Review the sample constructions contracts provided, then complete the table below with information regarding the contract's type, legal requirements and application.

Sample contract	Type of contract (e.g. residential, commercial, sub-contractor, cost plus or lump sum)	Legal requirements (List a minimum of 1 Act the contract is required to conform to)	Applications (What it is used for and the State or Territory of enforcement) (15-20 words)
Sample contract A (Click on the link above)	Residential Home Building contract	Home Building Act 1989 Environmental Planning and Assessment Act 1979	This contract is used for minor residential construction work, valued over \$5,000 and up to \$20,000, in NSW.
Sample contract B (Click on the link above)	Cost plus contract	Home Building Act 1989 Building Services (Complaint Resolution and Administration) Act 2011	This contract is used in NSW for residential or commercial construction work where the hirer agrees to reimburse the contractor's company for the building expenses such as the labour performed, the material purchased, and the other costs, plus additional payment that is usually stated as a percentage of the contract's full price.
Sample contract C (Click on the link above)	Subcontractor contract	Queensland Building and Construction Commission Act 1991 (Qld); Building Industry Fairness (Security of Payment) Act 2017	This contract is used in QLD to hire a subcontractor for commercial projects.

Question 2

An other builder, Sam, who had worked with you previously, contacted you to ask your advice on contracts for a renovation/extension work.

A client approached Sam to give a quote for an extension work/renovation. The client received a few quotes from different professionals, including Sam. It turned out that Sam's quote is the highest out of the three quotes, so the client is hesitant on whom to choose. Sam wanted to have a contract signed with the client upon accepting the quote. However, the other professionals, who gave lower quotes, did not want a contract signed with the client. Sam asked for your advice on what to tell the client, why a contract should be signed for extending the house with another bedroom with en suite. Having a contract would then justify the higher quote as well.

Details of project:

- Client's location: **[YOUR STATE/TERRITORY]**
- Structural alterations to the existing dwelling will be needed
- Quote 1 price \$8,500 (Inc GST)

- Quote 2 price \$15,000 (Inc GST) - Sam's quote
- Quote 3 price \$14,500 (Inc GST)

Identify your state/territory, then list and explain **five (5)** reasons why a contract **should** be signed for the job.

Your state/territory	
[Type your response here]	
<p>The student must list 5 reasons and explain the importance of having a contract signed for any type of construction work. A competent response should cover any of the key point bolded below:</p> <ol style="list-style-type: none"> 1. Building works are over \$5000 in NSW, a building contract is required. (If the state identified is NSW) 2. A contract spells out roles and responsibilities: All parties know who is to do, and who is responsible, for what. A contract outlines, for all parties, how to act and what is expected of them. 3. A contract helps you get paid: It communicates to clients when and how they need to pay their bills. 4. A contract ensures cooperation: Because the terms are negotiated and agreed, cooperation is 'built in' to the contract. Clear consequences are also outlined if cooperation is not forthcoming. 5. A contract helps mediation: If cooperation doesn't happen, a contract allows you to mediate to try and resolve the problem, rather than paying expensive legal fees. 6. A contract limits liability: A legal framework helps you manage your business and limit liability. It helps to resolve disputes, helps you to get paid and protects valuable business assets. 7. A contract creates certainty: A contract outlines the processes of the project and tells the client exactly what to expect, and when. Expectations are managed on both sides of the project. 8. A contract provides in-depth coverage of your business: A contract helps your clients understand your business, how it works and how they can use your services. 9. A contract gives peace of mind: A contract gives you and the client peace of mind because you know both party's needs are taken care of and rights are protected. 10. A contract ensures your business is not disadvantaged: Should any party decide not to cooperate; the legally enforceable contract will support any legal action taken. 11. A contract can build trust: A well written and thought-out contract makes you look professional. It shows that you know what you are doing, that you are proud of your work and that you stand by your word. 	

Question 3

Review this residential contract by clicking [here](#), then fill in the table with the required information to demonstrate your ability to interpret a contract. Where possible, refer to the relevant contract clause.

Instruction to the assessor:

The student must fill the table below with information taken from the sample contract, as sample answers indicate below:

Contracting parties:	Builder/ Building company	UP Building and Construction Pty Ltd
	Client	Sarah Smith
Worksite	15 Boronia street Darlington WA 6070	
Description of the work or service	To build single storey, cavity brick and tin construction	
Price of the contract	\$171,428.00	
Construction clauses List all 29 clauses from the contract.	<p>Students must list all 29 clauses from contract, as listed below.</p> <ol style="list-style-type: none"> 1. Agreement to build 2. Necessary approvals 3. Owner's warranties and initial obligations 4. Builder's duties 5. Quality 6. Site conditions 7. Contract price 8. Deposit, progress payments and other payments 9. Security 10. Time for performance 11. Possession of the site 12. Provisional sums and prime cost items 13. Variations 14. Insurance 15. Defects liability period 16. Early termination of contract 17. Events allowing builder to terminate 18. Events allowing owner to terminate 19. Disputes 20. Practical completion 21. Notices 22. Supply of materials and unfixed materials on site 23. Consequences of non-fulfilment of conditions 24. Assignment 25. Severability 26. Extend of builder's liability 27. Interpretation 28. Appointment and authority of owner's agent 29. Special conditions 	
Liability clauses List a minimum of three (3) .	<p>Any 3 of the following:</p> <ul style="list-style-type: none"> • Period of defect liability: 6 calendar months [Item 12] • Time allowance to rectify defects and liabilities: 6 calendar weeks [Clause 29] 	

	<ul style="list-style-type: none"> • Builder's liability will be reduced to the extent of any exemptions made from time to time for the purpose of section 11(3) of the Home Building Contracts Act 1991: the Builder is not liable to the Owner for any matters for which the Builder provides insurance for an amount that exceeds the contract price. [Clause 14] • The Builder will not be liable to remedy any damage or rectify any defects to the Works arising from any work carried out on the Site by the Owner or the Owner's servants or agents at any time. [Clause 14] • Builder will not be liable to the Owner in any way for any claim or proceedings in respect of injury, loss, theft or damage to such of the Owner's fittings, finishes, fixtures or any other item, matter or thing which the Builder does not supply as part of the Contract Documents. [Clause 26]
<p>Materials and labour (20-25 words)</p>	<p>At least one from the following:</p> <ul style="list-style-type: none"> • Builder must use suitable new materials and proper tradesman-like workmanship, in accordance with Australian Standards (AS 4000-1997) and Australian Building Code [Clause 5]. • If the Builder is unable to obtain any materials or items selected by the Owner after the date of the Contract as and when the Builder shall require them, the Owner shall immediately, upon request from the Builder, select alternative available materials or items. [Clause 13] • The Owner must not supply any materials, goods or work before the Builder hands possession of the Site back to the Owner, unless otherwise agreed in writing. [...] Builder is not responsible for the performance and suitability of materials, goods or work provided by the Owner or the Owner's agents. [Clause 22]
<p>Licenses and permits (35-40 words)</p>	<p>Builder must obtain any permits or licences that are required for the performance of the Works pursuant to all statutes, codes, ordinances, rules, regulations, proclamations or orders of any officer or body lawfully empowered to make or issue the same. [Clause 4]</p>
<p>Laws and regulations</p>	<p>Students must select any 2 of the following:</p>

List a minimum of two [2] pieces of legislation and/or regulation that applies to the contract.	<ul style="list-style-type: none"> • Home Building Contracts Act 1991 • Building Services (Complaint Resolution and Administration) Act 2011 • Work Health and Safety Act 2020
Legislative requirements List a minimum of three [3] . Briefly describe the procedure of one of the requirements.	<p>Learner must list 3 from the following:</p> <ul style="list-style-type: none"> • Builder must not perform any work without a Home Indemnity Insurance (Part 3A of the Home Building Contracts Act 1991) • Obtain building permit under the Building Act 2011 • Builder must hold relevant licences or permits • Builder and Owner to acknowledge their obligations and comply with requirements and regulations. • Builder to comply with Work Health and Safety Act 2020 requirements. <p>Learner must briefly describe the procedure of one of the requirements. For example: 'To comply with the Work Health and Safety Act 2020 requirements, the builder must wear appropriate PPE when on site, follow safe work practices, regularly complete safety checklists before commencing the work and removing and/or reporting any hazards.'</p>
Inspection (15-20 words)	<p>Learner must list 1 from the following:</p> <ul style="list-style-type: none"> • The Owner or an authorised person as defined in Section 27(3) of the Home Building Contracts Act 1991 shall be given access to the Site to carry out the relevant inspections, provided that such inspections are made during the Builder's normal working hours and such inspections do not unreasonably impede or interfere with the Works. [Clause 11] • 5 days from the completion, the Builder (or representative) and Owner should meet to carry out a pre-handover inspection. [Clause 20]
Insurance (5-10 words)	Home indemnity insurance policy is required to commence work [Clause 1 and 3]
Early termination (5-10 words)	Early termination of contract either by Owner or Builder [Clauses 16, 17 and 18]: any breach done by Builder or by Owner.
Subcontracts (5-10 words)	Builder takes full responsibility for all subcontractors. [Clause 4]

<p>Extension of time (20-25 words)</p>	<p>The Builder must give to the Owner a notice of any extension of time to which the Builder is entitled within 20 working days. [Clause 10]</p>
<p>Possible breaches List a minimum of three (3).</p>	<p>Learners must list a minimum of 3 from the following list: Anything that contradicts the contract conditions, either caused by Owner or Builder:</p> <ul style="list-style-type: none"> • quality of materials • quality of work • lack of builder's or subcontractor's licences • no access allowed to the site • delay in payment • Owner interferes with the work, carries out work on the Site or hires subcontractors to carry out work
<p>Client's obligations List a minimum of three (3).</p>	<p>Learners must list a minimum of 3 from the following list [Clause 3]:</p> <ul style="list-style-type: none"> • Owner must have title to build on the Site • Owner must allow access to the Site • Owner to organise adequate funds for the work and follow payment schedule • Owner must not interfere with the work or hire contractors that would interfere with the work • Owner must attend final inspection upon the completion of the work
<p>Contractor's obligations List a minimum of three (3).</p>	<p>Learners must list a minimum of 3 from the following list [Clause 4]:</p> <ul style="list-style-type: none"> • Builder must obtain any permits or licences that are required • Builder to comply with relevant legislation and regulation • Builder takes full responsibility for any subcontractors hired during the work, including licenses, permits, quality of work • Builder to provide quality work in accordance with Australian Standards and Australian Building Code • Builder to communicate with Owner regarding the progress of the work or any issues arising and record any additional agreement or variation in writing.

	<ul style="list-style-type: none"> • Builder to comply with Work Health and Safety Act 2020 requirements.
<p>Client's rights List a minimum of two [2].</p>	<p>Learners must list a minimum of 2 from the following list:</p> <ul style="list-style-type: none"> • Owner has the right to terminate the contract early in the presence of a breach by the Builder. • The Owner has the right for quality work as outlined in the contract. • The Owner has the right to raise concerns if not satisfied with the quality of work. • The Owner has the right to seek legal remedies.
<p>Contractor's rights List a minimum of two [2].</p>	<p>Learners must list a minimum of 2 from the following list:</p> <ul style="list-style-type: none"> • Builder has the right to terminate the contract early in the presence of a breach by the Owner. • Builder has the right to raise concerns in writing if any circumstance is noticed that may affect the quality of work or workers' safety. • Builder has the right to seek legal remedies in case of no payment.

Question 4

When writing and preparing contracts, the use of digital technology can help mitigate mistakes. Briefly, in your own words, explain the most appropriate use of the following examples of technology or application.

Instructions to the assessor:

This is an example of a competent response:

Technology and application	Use [15-20 words]
Microsoft Word	Allows a standardised template to be used create professional-quality documents, spell check, page layouts and integration of company idioms.
Microsoft Excel	Software that can be used to store and organize many data sets. Using its features and formulas, you can also use the tool to make sense of your data.
AutoCad	Software that architects, engineers, construction professionals, and designers rely on to produce 2D drawings and documentation.

Company Intranet	Software that allows companies to build a private, secure network that can only be accessed by that company's employees.
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Assessment checklist

Students must have completed all questions within the assessment before submitting. This includes:

4 short answer questions to be completed in the spaces provided	<input type="checkbox"/>
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 Congratulations you have reached the end of Assessment 2!