

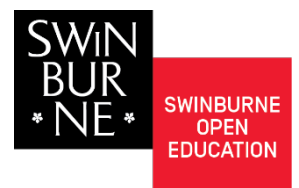


CPCBC4003

Select, prepare and administer a construction contract

Assessment 3 of 3

Project



Assessment Instructions

Task overview

This assessment has **five (5) tasks and related questions, as follows:**

- **Task 1 (2 questions)** – Organise kick-off meeting
- **Task 2** – Prepare project plan with relevant documentation
- **Task 3 (4 questions)** – Draft and update contract
- **Task 4 (6 questions)** – Administer contract
- **Task 5 (5 questions)** – Finalise contract

This task must be completed in the context of a fictitious workplace, **UP Building and Construction Pty Ltd**. All relevant information regarding the company have been provided for you in the Case Study module (Module 1) that plays the role of the company's 'Intranet'.

You are required to:

- Select the appropriate contract and apply the requirements associated with an offer and acceptance of a contract.
- Prepare the contract, assessing and scheduling progress payments, ensuring the legality and validity of the draft contract.
- Administer the contract by identifying, negotiating and documenting the variations of the contract.
- Finalise the contract in accordance with relevant legislation and contract provisions.

Additional resources and supporting documents

To complete this assessment, you will need to access UP Building and Construction's Intranet (Case Study module: Module 1) - policy documents and procedures:

- UP Customer Engagement Policy and Procedure

Supporting documentation:

- Project folder zip file (including floor plans and specifications)
- Final certificate checklist
- Practical Completion checklist
- End of Defects Liability checklist
- UP Handover Manual
- Project plan template
- Project Claim template
- Notice of Completion template.

You will need to source an industry endorsed contract or register on HIA's website and create a contract relevant to your state/territory.

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.

SCENARIO:

UP Building and Construction Pty Ltd has recently received an online inquiry from a family, Mr and Mrs McArthur, to build a granny flat in their backyard, in Springwood [YOUR STATE/TERRITORY], 15 Boronia Street. The family is hoping to create an additional income by renting out the granny flat for tourists who want to visit the nearby mountains and its surroundings. You have conducted an initial site visit and you confirmed that the land is appropriate for a 60m² granny flat that could cost roughly \$104,500 (Inc GST). Timeframe for completion is 6 months. Contract's start date is 21/1/2021. Contractor must commence the work within 45 days working days from the date of the contract.

All project-related documentation can be found on the Intranet (Module 1: Case study), in the 'Project' topic, under 'Granny flat in Springwood', You will need to log in to access the documents.

Note: For the purpose of this scenario Springwood is a fictitious town located in your state/territory. For the completion of the tasks below, you are required to refer to your state/territory legislation.

Task 1 – Kick off

Question 1

Draft a meeting request to organise a kick-off meeting with all relevant stakeholders to discuss the project, steps involved, costs and concerns and special conditions if applicable and to confirm the client's capacity to form a binding agreement. Your meeting request should contain a detailed agenda of the meeting and a clear explanation of what you want to achieve with this meeting.

Base your email on the *UP Customer Engagement Policy and Procedure*.

Answers must include relevant subject.

From: YourName@upbuildingandconstruction.com.au
To: Mr and Mrs McArthur, Bank's representative, Client's solicitor
Subject: must be relevant to the topic, for example: Kick-off meeting to discuss the requirements of building the granny flat
[draft your meeting request here]
Draft email must have: <ul style="list-style-type: none">• an appropriate greeting (for example: 'Good morning All')• an introduction (for example: 'I'm writing to invite you to attend a kick-off meeting regarding the construction of the granny flat in Springwood')• list agenda items relevant to the kick-off meeting. Key items to cover: confirm client's capacity to firm the binding agreement (such as: Mr and Mrs McArthur are the owner of the land with no encumbrances, they have sufficient funds for the project either by cash or by approved finances), determine the scope of work, discuss permits/approvals to obtain and who is responsible for them, agree on timelines, discuss any concerns and special conditions, etc.

- an appropriate closure and signature [for example: Looking forward to hearing back from you. Kind regards, John Citizen.]
- Must include questions to the client relating to their capacity to enter a contract such as over 18, obtained finance, in good mental state.

Question 2

Briefly, in about 50-60 words, explain which contract type do you need to use for the building and construction project? Explain your answer and source an industry-endorsed template that is appropriate for your state/territory. To source an industry-endorsed contract, register on HIA's [website](#) and create a draft contract relevant to your state/territory. Save your draft contract in pdf using the following naming convention: yy_mm_dd_yourname_CPCCBC4003_Project_HIA contract template. Submit the contract template with your assessment.

Your state/territory	
[Type your answer here]	
<p>Learners must identify 'residential building contract' as an appropriate contract type. They may choose 'lump sum' contracts as they have no hidden fees or additional costs, so this may be more favourable for the clients. Learner may choose other type of contracts as well (such as: cost plus contract), but they must provide an explanation for why they think this is the most appropriate contract type.</p> <p>Learners must indicate their state/territory and source an appropriate, industry endorsed contract-template they could use.</p> <p>For NSW: NSW Fair Trading's 'Home building contract for work over \$20,000' that can be accessed here: https://www.fairtrading.nsw.gov.au/data/assets/pdf_file/0010/389854/Home_building_contract_more-than-\$20,000.pdf</p> <p>Alternatively, students can register on HIA's website and create a draft-contract template relevant to their state/territory.</p>	

Task 2 – Prepare documents

Question 1

In accordance with organisational policies and procedures, prepare and compile a range of documents that collectively make up the contract for the project. The range of documents included must be for the contract type you indicated in Task 1 Question 2. **Plans and specifications have been provided in the 'Granny Flat in Springwood' [project folder](#).**

Documents you will need to prepare and compile for this task include the following:

- equipment, site accommodation and services information
- materials' list
- construction drawings and specifications
- project timelines and human resource projections
- schedules.

Use the provided Excel spreadsheet as [project plan template](#) and include all information in the separate tabs. Make sure you name the document using the following naming convention: yy_mm_dd_yourname_CPCCBC4003_Project_Project plan.

Instructions to the assessor:

Answers must include all above information in a project plan. All documents must be relevant to the contract type identified in Task 1 Q2 and to the state/territory the student is located in.

Equipment must include small plant required to construct the building, scaffolding, boom lifts and other relevant machinery.

Site accommodation must include portable site huts, designated area for management, temporary buildings.

Service information must include electrical and plumbing surveying, gas surveying, drawings and plans showing locations of services, council documentation,

Student is to indicate typical materials required for the project in line with specifications.

Student is to state the drawings required and the specifications used for the project.

Student is to allocate a timeframe respective of the contract time to build [Within 6 months]

Task 3 – Draft contract

Question 1

Draft the contract for the building and construction project you are undertaking for this assessment. Ensure the type of contract you draft is appropriate for this project and for your state/territory (as specified in Task 1 Question 2). Use the template sourced in Task 1 Question 2. The contract must be an industry endorsed contract template. For example, you can register on HIA's [website](#) and create a draft copy of the required contract, relevant to your state/territory.

Assess how you will schedule the progress payments, e.g., quarterly, or based on milestone completion, percentages of payments to be made at different points in the project.

Include in your contract the schedule of progress payments, based on your assessment, as well as processes for applying for extension time. Make sure you name the document using the following naming convention: yy_mm_dd_yourname_CPCCBC4003_draft contract. Do not forget to convert the document into pdf before submitting it.

Contract details:

PRICE : \$104,500 (inc GST)

Finance required is 100% of contract value.

Time to complete works is as per your project schedule.

Provisional sums schedule:

- Cabinetry: \$5,500 (incl. GST)
- Painting: \$2,840 (incl GST)

Prime cost:

- Roof panel system: \$7,200 (incl. GST)

Stages of work:

- Site works: \$9,770 (incl. GST)
- External/ internal walls and roof: \$32,000.50 (incl. GST)
- Fitout: \$14,160 (incl. GST)
- Lock-up: \$26,050 (incl. GST)
- Practical completion: \$29,312 (incl. GST)

Instructions to the assessor:

If located in NSW, learners may use NSW Fair Trading's building contract template (see Assessor guide). Alternatively, students can use other, industry endorsed template as well. For example, students can register on hia.com.au and create a draft-contract relevant to their state. The contract must cover the following points:

- Owner and Contractor details
- Site information
- Cost and payment schedule, including deposit and final pay (Note: Deposit is 6.5% of contract price, i.e. \$6,792.5)
- Commencement of work
- Proposed completion date
- Clauses, such as quality of construction, obligations of both parties (including approvals, licences and permits), warranties (including statutory warranties), liabilities and defect rectification, variations, subcontractors, early termination, extension of time, disputes, special conditions.

For sample answers, see NSW Fair Trading's contract completed with sample answers. Sample answers are relevant to all states/territories, regardless of the contract template.

Question 2

Explain how you can assess the schedule of progress payments outlined in the contract to ensure it meets all parties' needs and it can be followed by client without any difficulties.

[Approximate word count: 60-65 words]

[Type your answer here]

Answers must cover key points bolded in sample answer below:

Schedule for progress payments can be assessed based on the **agreed percentage of completion of work** by the contracting parties. The **schedule of values can be examined and matched with the project timeline** to estimate when the agreed percentages will be reached. Based on the analysis, **a schedule for the completion of set percentages is drafted and communicated to the contracting parties for approval.**

Question 3

Before the construction commenced, the client has requested the following variations to contract (at Lock-up Stage).

- To install safety screens over all windows \$1,200 Inc GST (Date agreed 21/1/21)
- Solid timber flooring to dry areas \$4,500 Inc GST (Date agreed 21/1/21)
- Split aircon for heating and cooling \$2,800 Inc GST (Date agreed 21/1/21)

The variations wanted above will cause a delay in handover by 45 days. Update the contract* and the Excel spreadsheet's 'EOT'-tab based on the specifications above in accordance with organisational policies and procedures, to mitigate any liquidated damages that may occur due to project time increases and update the contract pricing and time frames for client approval.

*If the contract template that you have used does not have a section for variations, complete the [Authority for Variation to Contract](#) form. Make sure you name the document using the following naming convention: yy_mm_dd_yourname_CPCCBC4003_Variation form. Do not forget to convert the document into pdf before submitting it.

Instructions to the assessor:

Students must update the project plan's 'EOT' tab with above specifications, then update the contract as well [Variations – clause 13: page 31 in the NSW template]. If using the NSW Fair Trade contract template, learners don't have to create a separate copy of the documents, just update existing copies. For students using the *Authority for Variation to contract* form, see completed form as assessor guide.

Question 4

Briefly explain how you can ensure the legality and validity of draft contract.
[Approximate word count: 50-60 words]

[Type your answer here]

Answers must cover the following key points:

Ensure legality: the contract complies with the applicable requirements and legislations.

Ensure validity: the contract meets all the elements required by contract law [i.e. offer, acceptance, intention to create legal relationship and consideration for the offer].

These may be done through collaborations and consultations to ensure that all parties and relevant persons involved are aware of their rights and obligations.

Task 4 – Administer contract

Question 1

Complete the progress claim for site works using the [Progress Claim 1 Template](#). Do not forget to convert the document into pdf before submitting it.

Instruction to the assessor:

Student is to complete the progress claim for site works with the exact amount taken from the contract. Cost of claim is to represent the cost of the allocated contract value.

Question 2

Explain how you can process applications for extension of time in accordance with organisational policies and procedures.

[Approximate word count: 10-15 words]

[Type your answer here]

Answers must cover the following key points:

- Extensions of time must be processed within 7 days of the progress claim stage.

Question 3

In accordance with organisational policies and procedures, explain how variations may affect the project and proposed timelines.

[Approximate word count: 10-15 words]

[Type your answer here]

Answers must cover the following key points:

- Increases and variations to contract ensue extra works for the builder such as alterations to design, finding new trades, suppliers.

Question 4

Briefly explain the steps you can take to minimise liquidated damages or penalties nominated in the contract.

[Approximate word count: 10-15 words]

[Type your answer here]

Answers must cover the following key points:

To minimise liquidated damages and penalties it is crucial to:

- Set clear expectations with the roles and responsibilities of the parties involved. It is important that everyone understands what their rights are and what is expected of to perform.
- Ensure mutual understanding from all parties. Everyone involved needs to have a similar interpretation of the contract stipulations and the scope of the work required.
- Be open with any concerns as soon as they are raised.
- Being able to communicate openly and clearly can greatly impact the success of any project and reduce any mishaps along the way.

Question 5

Briefly, in about 100-150 words, explain the steps you can take in case of an eventual dispute during or at the completion of the project. List a minimum of **one (1)** legislation/regulation that applies.

[Type your answer here]

Answers must cover the following key points:

Fair Work Australia defines dispute resolution as the processes by which disputes are resolved and ended. Dispute resolution can occur through:

- a negotiated outcome, where the parties concerned sort out the issues themselves
- a mediated outcome, where the parties use the services of an independent mediator to help them agree, or

- an arbitrated or adjudicated outcome, where an independent arbitrator or court determines how the dispute is to be resolved and makes a binding decision or order to this effect.

The following are common dispute resolution methods:

- Alternative dispute resolution – this is form of resolution allows parties to settle without going to court and includes:
 - Mediation – This involves a mediator that can help both parties to identify their disconnect and find alternatives.
 - Arbitration – This is a similar process with mediation, however the arbitrator involved will issue legally binding decision.
- Litigation – this is a form of dispute resolution that involves the courts. Proceedings between the parties are in a civil court.

Different legislations and regulations apply depending on the kind of contract involved and state or territory that has authority on the contract, for example: Fair Work Regulations 2009, Regulation 6.01, Fair Work Act 2009

Source: <https://www.fairwork.gov.au/tools-and-resources/best-practice-guides/effective-dispute-resolution>

Question 6

Review the [Final Certificate Checklist](#). In your own words explain the conditions required to be met for issuing the final certificate.

[Approximate word count: 90-100 words]

[Type your answer here]

Answers must cover the following key points:

- it's safe to occupy
- it's been built in accordance with the Building Code of Australia (BCA) and relevant Australian Standards
- the construction adheres to the relevant state building laws.
- roof drainage is properly plumbed
- handrails and balustrades are completed in accordance with the relevant standards
- necessary sanitary facilities are all present and working
- water can't penetrate the building envelope
- wet areas have been appropriately waterproofed and tiled / finished
- smoke detectors are in place and fully operational
- power is supplied for lighting, ventilation, or smoke alarms
- gas piping, if required, is connected to any gas cooking appliances, ready for connection to the gas supply
- the water supply has been properly connected.

Task 5 – Finalise contract

Question 1

Review the [Practical Completion Checklist](#). Based on this, draft a written application for practical completion to the client. Your email must include a request to meet on site.

To the Client
Subject: Application of practical completion
[Type your written notice here]
Answers may vary; however, a sample answer should look like this:
We confirm that Practical Completion of the Granny Flat project in Springwood [Student's state/territory] was achieved on [date]. Accordingly, we request you attend a site meeting for a final inspection.
Yours faithfully, [the Contractor]
Source: https://www.turtons.com/blog/practical-completion-under-as-4000

Question 2

The project has been completed. Six months after completion, you organise a site inspection. Whilst on site with your client, you have noticed the following defects:

- Timber flooring has been scratched during construction
- Painting has been missed in the bedroom.
-

Using the [End of Defects Liability Checklist](#), complete the information required to be submitted to the client for review. Make sure you name the document using the following naming convention: yy_mm_dd_yourname_CPCCBC4003_End of defects liability checklist and submit it with your completed assessment. Do not forget to convert the document into pdf before submitting it.

Instructions to the assessor:

Student must complete and submit the completed *End of defects liability checklist*. See sample answers in completed form.

Question 3

Explain the process for handover of the project to the client, in accordance with organisational policies and procedures. Refer to the UP Client Handover Manual. The manual can be found in Module 1: Case Study, topic 'Policies and Procedures'.

[Approximate word count: 30-35 words]

[Type your answer here]
Answers must cover the following key points:
▪ Owner understands maintenance items

- All works have been completed as per contract and client approval
- Keys have been handed over
- Cleaning of site has been conducted
- Client understands items in handover manual.

Question 4

Now that the project is completed and all issues have been rectified, draft an appropriate 'Notice of completion' for the contract work. You may use the [template](#) provided or create your own template. Make sure you name the document using the following naming convention: yy_mm_dd_yourname_CPCCBC4003_Notice of completion and submit it with your completed assessment.

Instructions to the assessor:

Students must complete a 'Notice of completion' either by using the template provided or using their own template. Template must include accurate information as per contract and project plan.

Question 5

Briefly, in about 100-120 words, explain how you can secure documentation upon completion to ensure all documents are stored securely.

[Type your answer here]

Answers must cover the following key points:

Here are some tips you can follow to be able to document contracts appropriately:

- Record the facts of each transaction
- Note the dates, exact time, and describe the process from the selection to the finalisation
- Essential to documentation is your name, position, department, contact information (email address and phone number). You should, as much as possible, be as explicit with the information you provide.
- Include your signature in your statement and the date.
- Make several copies of your report and give a copy to your manager or immediate supervisor and one to the human resources department.
- Keep extra copies of your files, the original drafts, and the notarised documents.
- Store all documents in a safe place, keep relevant documents together.

Assessment checklist

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

Task 1 – Kick off		
Question 1	Draft a meeting request	<input type="checkbox"/>
Question 2	Answer question regarding contract types and source contract template	<input type="checkbox"/>
Task 2 – Prepare documents		
Question 1	Complete the project plan in Excel spreadsheet	<input type="checkbox"/>
Task 3 – Draft contract		
Question 1	Draft the contract	<input type="checkbox"/>
Question 2	Answer question regarding the schedule of progress payments	<input type="checkbox"/>
Question 3	Complete EOT in the Project plan and update contract/ Submit <i>Authority for Variation to Contract</i>	<input type="checkbox"/>
Question 4	Answer question regarding the legality and validity of draft contracts	<input type="checkbox"/>
Task 4 – Administer contract		
Question 1	Complete the <i>Progress Claim 1 template</i>	<input type="checkbox"/>
Question 2	Answer question regarding the process applications for extension of time	<input type="checkbox"/>
Question 3	Answer question regarding the impact of variations	<input type="checkbox"/>
Question 4	Answer question regarding steps to minimise liquidated damages or penalties	<input type="checkbox"/>
Question 5	Answer question regarding the steps in an eventual dispute during/at the completion of the project	<input type="checkbox"/>
Question 6	Answer question regarding the conditions required during issuing the final certificate	<input type="checkbox"/>
Task 5 - Finalise contract		
Question 1	Draft written application	<input type="checkbox"/>
Question 2	Complete the <i>End of defects liability checklist</i>	<input type="checkbox"/>
Question 3	Answer question regarding the handover of the project	<input type="checkbox"/>
Question 4	Complete 'Notice of completion'	<input type="checkbox"/>
Question 5	Answer question regarding how to secure documentation upon completion	<input type="checkbox"/>

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 **Congratulations you have reached the end of Assessment 3!**