

CPCCBC4003
SELECT, PREPARE AND ADMINISTER A
CONSTRUCTION CONTRACT
THEORY EXAM

Participant name	Leah Hellewell
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FOR THE PARTICIPANT	
Instructions	
- You will complete written questions as outlined on the following pages. You must attempt all questions and provide enough detail in your responses to demonstrate your knowledge. - It is anticipated that you should complete this assessment within two (2) hours, but additional time may be allowed upon negotiation with the Assessor. - You must complete all questions unassisted by the Assessor or other personnel but may refer to reference material as needed. All questions must be answered correctly for a 'Satisfactory' assessment outcome to be awarded. - An oral examination may be allowed under certain circumstances, whereby your answers will be documented by another party. - Any written questions that are incomplete, or not answered satisfactorily will need to be completed again after further training support. - If you answer a question incorrectly but modify your response, put your initials next to the written change (or the Assessor must initial a verbal change).	
Resources required	
Pen	

FOR THE ASSESSOR	
Instructions	
- Where oral examination has occurred, ensure that this is acknowledged in writing (e.g. FT001 and Assessor Comments) - All questions must be satisfactorily demonstrated by the Participant for a Satisfactory determination (indicated by an Assessor tick to the right of the question). - Assessors are to complete marking in pen of a different colour to the Participant. - If the Participant verbally modifies their response, write in the modified response verbatim and put your initials next to the written change.	

ASSESSOR COMMENTS**As necessary, outline:**

- Details on reattempts, alternative arrangements or reasonable adjustments made.
- Where a Participant is deemed 'Not Satisfactory', provide recommendations for future training.

Q1. Discuss how the Australian legal system affects construction contracts.

Answer The Australian legal system affects construction contracts through contract law, ensuring terms are enforced and disputes resolved. ☐

Q2. Describe the legal elements required for a contract to be formed.

Answer For a contract to be legally formed, they require the elements of
Offer
Acceptance
Intention
Consideration ☐

Q3. How is the 'Fair Work Act' applied during construction contracts?

Answer The fair work act is applied to construction contracts by setting a minimum standard for employment conditions (E.g. Relationship between employee and employer, working arrangement, entitlements) ☐

Q4. Briefly explain how WHS laws affect construction contracts.

Answer Workplace Health and Safety laws affect construction contracts by imposing legal obligation on contractors, clients and sub-contractors to ensure a safe working environment. ☐

Q5. Discuss how building and construction legislation is relevant when organising construction contracts.

Answer Building and construction legislation is relevant when organising construction contracts as it sets out the legal requirements for compliance with building codes, safety standards and licencing regulations.

☐

Q6. Why must you comply with consumer laws when drafting construction contracts?

Answer Complain with consumer laws when drafting contracts is important to protect consumer rights and ensure fair trading practices.

☐

Q7. Discuss residential building work contracts, their legal requirements and application.

Answer Residential building work contracts are formal agreements between the client and contractor for a residential property.
The contract outlines scope, pricing, legal obligations, etc.

Examples of legal requirements may be:
building code compliance, insurances, licensing.

☐

Q8. Discuss commercial building work contracts, their legal requirements and application.

Answer

Commercial building work contracts are legal agreements that define terms for a commercial project.

The contract typically outlines, payment terms, timelines, scope of work.

Legal requirements would include:

Providing insurances, permits and compliance with labour laws and building codes.



Q9. Discuss what a lump sum contract is and when it is used.

Answer

A lump sum contract is a type of contract where the contractor agrees to complete the works for a fixed/agreed price.

They are typically used in projects that are well defined and don't have space for price movements.



Q10. What does the term 'practical completion' mean when used in construction contracts?

Answer

The term "Practical Completion" in construction contracts refers to the stage when a project is sufficiently finished to be useable for its intended purpose, even if there are minor defects or works that remain.



Q11. Provide a brief description for each of the following terminology used in construction contracts and explain the impact the terminology has on the project.

Answer

Terminology	Description	Impact on project
Extension of time (EOT)	The allowance for the extension of the construction period that construction contracts allow when there is a delay outside the contractor's liability.	The EOT extends the date of practical completion and relieves contractors of any liabilities for liquidated damages.
Liquidated damages	Liquidated damages refer to the amount paid by the contractor when practical completion date is not achieved at the completion date set in the contract.	Liquidated damages allow injured parties to collect compensation where there is a breach of contract
Force majeure	Translating from French as 'Superior Force', force majeure refers to unforeseen circumstances beyond reasonable control of the people involved in the contract	Force majeure are relevant event that may allow contractors an extension of time.
Terminations	This refers to clauses in the contract which lays out the circumstances in which the contract may be legally binding.	Termination frees the parties involved from their obligation



Q12. Australian Standard AS 4000 General Conditions of Contract, is one of the most widely used forms of head contract for construction projects in Australia. Provide two (2) distinguishing features of AS 4000.

Answer

1. Risk Allocation
2. Variations & Adjustments



Q13. What must be considered when choosing AS 2124 for construction contracts? Provide one (1) example.

Answer

When choosing AS 2124 for construction contracts, an important consideration is the Size and Complexity of the project.

For example, for a Major works project, AS 2124 would be suitable due to the comprehensive framework for managing risks, disputes and variations



Q14. Clarify what is meant by contractual rights.

Answer

Contractual rights are the entitlements that come with the contract that you are getting into.



Q15. Provide an explanation of the key contractual obligations relevant to construction contracts.

Answer

Key contractual obligations relevant in a construction contract include, payment terms, scope of work and duration of works



Q16. Discuss what is meant by contract liability.

Answer Contract liability is the responsibility of all parties involved in the contract to uphold the contract and their respective obligations



Q17. Discuss two (2) circumstances that constitute a breach of contract.

- Answer**
1. Material Breach – If the contractor provides material that was not the agreed material in the contract, then this would be considered a material breach
 2. Actual Breach – If a contractor has not met obligations under the contract by the agreed/specified date, this would be considered a Actual breach of contract.



Q18. Provide an example of a minor breach and how this can be remedied.

Answer If the contract was made for the purchase on windows for a project and the contractor agreed to have windows installed and delivered. When the time came the contractor only installed some of the windows, and not all of them as agreed, this would be a minor breach.

the contractor could remedy this by going back and installing all windows as agreed.



Q19. Discuss the importance of demonstrating credibility during the first meeting with the client.

Answer It is important to demonstrate credibility as it builds trust with the client and to establish a positive relationship.



Q20. Why would you provide the client with only one (1) point of contact when discussing and preparing a construction contract?

Answer Having one point of contact for the client will ensure clear and consistent communication.



Q21. Describe what a CRM system is and provide two (2) ways this system can benefit a business.

Answer **What is a CRM:**
Customer Relationship Management



Benefits:

1. Maintain relationships with customers
2. Track the success of your marketing activities

Q22. Discuss why you would need to determine the following items when drafting a contract.

Answer

Item	Importance for contracts
Equipment information	Allows all parties to know the set of tools required for a project. It outlines what equipment is needed and those that will provide it
Site accommodation information	Allows all parties invoiced to understand that scope of accommodation that will be provided and the responsibilities attached to providing the site accommodation
Services	Allows all parties to understand the scope of services or labour that will be done and the responsibilities attached to doing these.
Human Resource projections	Helps the company plan and find the people they need and measure its working capacity to meet goal
Materials list	Refers to the list of materials that will be used for the project
Drawings and specifications	Refers to the detailed graphic representation of what needs to be constructed
Schedule	Refers to the list of tasks that need to be complete under obligations of the contract within agreed dates/times.



Q23. Explain why you might need to consult with the workplaces legal representative before finalising the draft.

Answer Consulting with workplace legal representatives before finalising a draft is important to ensure that it meets legal compliance and assess any risks. It gives the workplace a chance to identify any potential liabilities and resolve them.



Q24. A builder must give the owner a written claim for a progress payment for the substantial completion of each stage. What must be stated in the progress claim?

Answer The below must be stated in a progress claim:

- Description of work completed
- Amount being claimed
- date of completion
- Any supporting docs (Stat Dec, contract, etc.)
- Signature and date.



Q25. What is the purpose behind progress payments in stages?

Answer Progress payments operate as a system where payments are made based on a percentage of completed works, allowing contractors to have running funds throughout construction



Q26. The client has requested a change in the floor covering for certain areas. How do you document this variation?

Answer To document this variation, you will need:

- Variation is to be communicated from client to the contractor.
- Check the agreed contract to see terms for variations
- You must then submit a written notice of the work and price, which is to be approved.



Q27. What can you do to minimise liquidated damages and penalties?

Answer To minimise liquidated damages and penalties you should complete planning, monitor progress and have a risk management plan.

You can also ensure that you have efficient resources and delay works if required



Q28. Discuss what you should confirm before issuing the final certificate.

Answer You should confirm before issuing the final certificate:

- Completion of works, as to the agreed contract terms
- Confirm that all works comply with codes and regulations
- That final payments / claims have been settled.
- Checking for any defects, if any these are rectified



Q29. Why is a defects liability clause added in a construction contract?

Answer A defects liability clause is added to a construction contract to ensure the contractor is responsible for rectifying any defects/issues that arise after completion.



Q30. Discuss the purpose of issuing a final certificate.

Answer A final certificate is to bring an end to all outstanding matters between principal and the contractor once the works are complete and all known defects had been rectified



Q31. Discuss how you can store and secure completed contract documents safely.

Answer To store and secure completed contract documents, you can complete regular audits to see who has access to any files.
You can also use on site servers that require approvals to gain access.

