

CPCCBC4003 SELECT, PREPARE AND ADMINISTER A CONSTRUCTION CONTRACT THEORY EXAM

Participant name	
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FOR THE PARTICIPANT

Instructions

- You will complete written questions as outlined on the following page. 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. You may refer to reference material as needed. All questions must be answered correctly for a 'Satisfactory' assessment 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

Should reflect knowledge of the Australian legal system and how legislation affects construction contracts e.g. The legislation which you must comply with will depend on the State or Territory you are in and the type of construction work involved. In general, the Australian legal system regulates construction contracts to ensure that all parties involved perform their obligations and that their rights are protected.

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

Answer

Should reflect: For a legal contract to be formed, there must be four legal elements to make it binding, these are: An offer made by one party, acceptance of the offer by another party, intention to create a legal relationship by the parties and consideration for the offer

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

Answer

Should reflect but is not limited to: The Fair Work Act is used to ensure contract stipulations comply with: Employee/employer relationship requirements; Regulations against workplace discrimination; minimum entitlements, working arrangements and fairness at work.

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Q4. Briefly explain how WHS laws affect construction contracts.

Answer

Should reflect but is not limited to: The WHS Laws are used to ensure contract stipulations comply with Risk management requirements, Health and safety requirements in the workplace as well as workers' compensation insurance.

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

Answer

Should reflect: Building and construction legislation is applied to ensure contract stipulations comply with building specification requirements and construction specifications requirements.

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

Answer

Should reflect: Consumer Laws are used to ensure contract stipulations comply with fair contract terms, lay-by agreements rules, product safety laws and consumer rights requirements.

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

Answer

Should reflect: A residential building work contract is the contract used when you are a party to a contract carrying out residential building work and when there is an arrangement for someone to carry out residential building work. The Building Act states that regulation may require certain documents to be attached to a residential building contract. Non-compliance is perceived as an offence. State or territory requirements may be required to contain all or any of: a definition of concepts; exemptions and exemption assessments; certifiers and government certifiers; building approvals, commencement notices and building work signs; construction work process guidelines; offences; stop orders; occupancies; warranties and insurance; inspection; standard conditions; auditors; administrators; building codes and standards; other reminders guiding residential contracts.

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

Answer

Should reflect: The commercial contract is a legally binding agreement between parties to do or not to do an action. The buildings involved must be used for non-residential purposes such as retail stores, hotels, offices, and other spaces that may be needed for private businesses. As with residential contracts, each state and territory has legislation that would need to be integrated into the contract.

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

Answer

Should reflect: Lump sum contracts are those where a fixed price is agreed for the work that needs to be done. This type of contract can be used for both commercial and residential contracts. Often used for simple projects with well-defined responsibilities for all parties. The principle behind this is that the client wants to get their money's worth, while the contractor wants to achieve a higher level of profit from the set payment. There may be a conflict of interest, but the contract provides for clear and defined terms. If you select this type of contract, you must seek legal advice from contract specialists.

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

Answer

Should reflect: Practical completion is the term indicating the stage of construction when all the works described in the contract have been carried out.

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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)	e.g. Provides an allowance for the extension of the construction period the construction contracts allow when there is a delay outside the contractor's liability.	e.g. An EOT extends the date of practical completion and relieves contractors of any liabilities for liquidated damages.
Liquidated damages	e.g. Refer to the amount paid by the contractor when practical completion is not achieved at the completion date set in the contract.	e.g. Liquidated damages allow injured parties to collect compensation when there is a breach of contract.
Force majeure	e.g. Generally refers to unforeseen events or circumstances beyond any reasonable control of the people involved in the contract. These events cannot be reasonably avoided, overcome, or blamed on either party.	e.g. Force majeure are relevant events that may allow contractors an extension of time.
Terminations	e.g. Refers to clauses in the contract which lays out the circumstances in which the contract may be legally ended.	e.g. 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. Should reflect two (2) of: No time bars; Apportionment of concurrent delays
2. Relief for latent conditions; Dispute resolution; Deemed approval of EOTs



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

Answer

Should reflect but is not limited to: The contractor must carry out the work for a fixed price and within a fixed timeframe (if this does not occur, liquidated damages will apply (if provided for in the annexure)). The contractor can claim delay costs for delays caused by the Principal, Superintendent, the Principal's employees or consultants, other contractors or agents, and other events prescribed by the contract or the annexure. However, if, for example, a delay is caused by multiple causes of delay and any of the causes would not entitle the contractor to claim an EOT, no EOT will be available in respect of the delay.



Q14. Clarify what is meant by contractual rights.

Answer

Should reflect but is not limited to: Contractual rights are the entitlements that come with the contract that you are signing. These rights are based on agreements made with other parties, as well as the contract laws and the legislation that govern your local state/territory. Being denied of any of your rights, implicit or explicit, would be a breach of contract.



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

Answer

Should reflect but is not limited to: The key obligation that a contractor has is to provide the service that they have been hired for, as stated in the contract. In reciprocation, the hirer's key obligation is to provide payment to the contractor upon delivering the agreed-upon service following the terms of the contract.



Q16. Discuss what is meant by contract liability.

Answer ☐ Should reflect but is not limited to: Contract liability refers to the responsibility of any party to a contract for the claims, obligations, or debts arising from a contract. More specifically, though, contract liability is when one party to a contract agrees to reimburse any damages or losses suffered by another party. Contract liability allows the parties to a contract to transfer risk to another.

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

Answer ☐
1. Should clearly reflect two (2) circumstances that constitute a breach: e.g. If one party refuses to perform its obligation such as completion; Contractor fails to provide the specified materials for the project;

2. Damage caused by negligence; Failure of progress payment by client; Incomplete works.

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

Answer ☐ Should reflect a minor breach with remedy: e.g. If a contract was made for the purchase and install of windows. If the contractor delivers the windows and only installs some of them, this may be considered a minor breach of contract. Contractor may remedy this by installing all windows as agreed by the parties.

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

Answer

Should reflect but is not limited to: The first meeting with a client should build a foundation of trust. The client wants to feel assured that you are the right person for the job. When convinced of your expertise the client is more likely to deal with any future issues, problems or delays in good faith, trusting what you, the contractor explain to them.

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

Answer

Should reflect: To avoid confusion or missed communications. If your client has one (1) point of contact they're more likely to feel like everything's going smoothly and as agreed. One (1) point of contact keeps messaging consistent and there's less scope for misunderstanding or wrong information passing across to the client.

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

Answer

What is a CRM: Should reflect: A Customer relationship management (CRM) system is technology for managing business relationships and interactions.

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Benefits:

1. e.g. Helps businesses keep customer contact details up to date,
 2. track every interaction they have with your business, and manage their accounts.
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Q22. Discuss why you would need to determine the following items when drafting a contract.

Answer

Item	Importance for contracts
Equipment information	e.g. Outlines the equipment needed for the project and those that will be provided to determine availability, rental and associated costs.
Site accommodation information	e.g. Refers to site facilities and the cost for hire, transport etc.
Services	e.g. Access to services and connections is required information and may involve further costs than generally anticipated.
Human Resource projections	e.g. Required for the efficient costing of human resources including sub-contractors
Materials list	e.g. Needed to confirm availability of materials, confirm suppliers and costs
Drawings and specifications	e.g. Used to determine class of building, work tasks, costs, materials and site position and location, services
Schedule	e.g. Used to calculate when materials and labour are needed as well as determining progress inspections and progress payments



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

Answer

Should reflect: To ensure legality and validity of the draft contract or make adjustments.

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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

Should reflect: the construction work (or goods and services) that will be paid, any amount claimed and not paid for contract price adjustments and variations and the sum of all progress payments due.

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

Answer

Should reflect: allows the contractors to schedule when payments will be received and not have to shoulder the project costs themselves. This payment scheme allows contractors to be paid in portions; they do not have to wait until the project is completed for payment and cease construction operations if they are not being paid. Furthermore, the contractor can pay its employees and bills on time and not go into debt. Lastly, as a security to the contractor, scheduled payments allow the contractor to check the financial capability of its clients.

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

Answer ☐ Should reflect but is not limited to: Check the clauses or terms in the contract where power to order variations are stated. Submit a written notice of the work and price that must be approved first before starting the variations for the project. Negotiating the variations will require communicating with the contracting parties and presenting evidence of its necessity or inevitability. If the changes cause delay, a request for extension of time needs to be filed, approved, signed, and dated

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

Answer ☐ Should reflect but is not limited to: Clear expectations with the roles and responsibilities of parties involved in the contract. Ensure common 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.

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

Answer ☐ Should reflect: To assess the conditions for issuing a final certificate and confirm completion, assess the scope of service, are the services rendered enough and complete? Review the schedule of activities were the schedules met and adhered to? Review cost and payment terms, are these satisfied? Are all parties involved satisfied and agree to issue final certificate? If the agreed conditions have been met, then a final certificate may be issued.

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

Answer

Should reflect but is not limited to: Provides the owner with the assurance that the contractor will repair defects determined during the specified period depending on terms in the contract. This will also depend on the type of contract used. At the beginning of the period, a written instruction to the contractor will be given to make good of all the defects and a schedule of defects will be submitted. During this period, contractors are able to rectify defects and principals hold security.



Q30. Discuss the purpose of issuing a final certificate.

Answer

Should reflect: The purpose of a final certificate is to bring an end to all outstanding matters between the principal and the contractor once the works are complete and all known defects have been rectified.

A final certificate is issued after the defects liability period has expired, and serves as evidence that the contract works are complete and the contractor has otherwise discharged its obligations. The final certificate identifies the moneys finally due and payable between the parties, mainly to ensure there can be no more claims by the contractor against the principal. It also triggers an obligation for the principal to release the balance of any security provided by the contractor (assuming there is no money owed to the principal).



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

Answer

Should reflect: You can physically store your signed documents. This involves printing them and keeping them somewhere safe such as in a fireproof safe or a filing cabinet with a lock. You can save scanned/copied contracts as PDF files on your computer hard drive or within various software You can save to cloud storage such as DocuSign which allows you to access your documents from anywhere and you don't run the same risks that you would with physical storage and also storage on your computer.



CPCCBC4003 SELECT, PREPARE AND ADMINISTER A CONSTRUCTION CONTRACT WORKBOOK

Participant name	
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FOR THE PARTICIPANT

Instructions

- You will complete written activities as outlined on the following pages. You must attempt all questions and provide enough detail in your responses to demonstrate your knowledge.
- The timeframe for these tasks will be established by your Assessor or Training Provider. Additional time may be allowed upon negotiation with the Assessor.
- You must complete all questions unsisted 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.

NOTE

At times, you will be provided with a specific business context to which you must respond, otherwise it is anticipated that you will use a workplace of your choosing (your own, or hypothetical) to provide the context to the task.

At all times, the responses in your assessment must reference **Australian** (Queensland or Federal) documentation, including legislation, regulations, codes of practice, standards and guidance publications.

ACTIVITY 1

Read the example building contract (HO5) and respond to the following:

- What methods can the builder use to confirm the owner's consent to the contract?
- When can the builder demand or receive any of the contract price?
- What provides the builder with evidence of the owners entitlement to build on the site?
- How long is the defect liability period for this contract?

a) What methods can the builder use to confirm the owner's consent to the contract?

e.g. meet face to face and discuss the effects on the contract if they do not consent. Be present at the signing.

b) When can the builder demand or receive any of the contract price?

e.g. When the warranty insurance is in force and the owner is provided with a certificate of insurance.

c) What provides the builder with evidence of the owners entitlement to build on the site?

e.g. written proof that the owner owns or is otherwise entitled to build on the site. (ownership includes a copy of the certificate of title to the site)

d) How long is the defect liability period for this contract?

e.g. 13 weeks

**Satisfactory
Outcome**



CPCCBC4003

SELECT, PREPARE AND ADMINISTER A CONSTRUCTION CONTRACT

PRACTICAL ASSESSMENT

Participant name	
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FOR THE PARTICIPANT

Instructions

- The tasks outlined on the following pages will require performance of normal workplace activities, as a result of a structured activity set by an Observer in the workplace or a simulated activity set by your Assessor/Observer.
- The timeframe for these tasks will be established by your Assessor/Observer in consideration of location conditions and industry requirements.
- You must complete all tasks assisted by the Assessor or other personnel, unless the supervisor notes assistance.
- You must attempt all tasks (and itemised steps) for a 'Satisfactory' assessment outcome to be achieved.
 - For an observation conducted that is incomplete, or without satisfactory performance, the observation will need to be completed again after further training support.

FOR THE ASSESSOR/OBSERVER

Instructions

- The following observation record should be used to judge and record your observations of the Participant as they complete the task(s) set. You must record your observations of the Participant's performance.
 - For each occasion, indicate the task performed and whether it was a simulation or workplace-based task.
 - Any simulated assessment must ensure the Participant still performs under workplace conditions which reflect industry standards.
 - In the comments, provide clear detail regarding the task that the Participant was required to do (e.g. PPE used, materials handled, attachments connected, plant types).
- All steps must be satisfactorily demonstrated by the Participant for a 'Satisfactory' determination (indicated by an Assessor tick to the right of each itemised step, or an Observer tick to the right of each itemised step, and confirmation by an Assessor in the Assessor Comments).
 - Where you have determined that one or more task steps have not been satisfactorily demonstrated, provide the Participant with additional support and outline details of such assistance in the Assessor/Observer Comments. Allow the Participant two (2) further opportunities to demonstrate the task again to allow an opportunity for a 'Satisfactory' assessment outcome to be achieved.
 - If after three (3) attempts the Assessor determines that the Participant cannot demonstrate the required steps, a 'Not Satisfactory' outcome is to be determined.

TASK OUTCOME					
Task	Date	Task Type (Tick)	Location	Task outcome (Tick)	
				Satisfactory	Not Satisfactory
Task 1		☐ Workplace ☐ Simulation		☐	☐

ASSESSOR COMMENTS: GENERAL

As necessary, outline:

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

ASSESSOR COMMENTS: PRACTICAL TASK 1

- ☐ Individual student (as named on cover page)
- ☐ Multiple students [☐ All from Attendance Report, ☐ Specific students involved – identify students]

Task	Provide detail
1.1A. 1.1B. 1.2C.	Specify types of contract reviewed and how it was determined the most suitable to the project: e.g. Contracts supplied by QBCC- domestic building contracts, and a commercial subcontract. Elements, terms sections and clauses suited the NCC type of construction class.
1.1A. 1.1B.	Specify the class of construction project requiring a contract: e.g. Residential – Class 1 and 10 buildings, maximum of two storeys e.g. Commercial – Class 2 to 9, Type C only constructions.
1.1D.	Specify circumstances the participant outlined that constitute a breach of contract: e.g. Any violation of the contract provisions, any incomplete performance of any obligation, any misrepresentation, or any failure to perform any agreements
1.1D. 1.2E.	Specify circumstances the participant outlined that constitute a termination of the contract: e.g. termination may be enacted following major breaches listed above.
1.1E.	Specify how the participant confirmed legislative requirements have been met when using this contract: e.g. use of QBCC contract suitable for new home contracts is specifically designed to meet legislative requirements
1.2B.	Specify how the participant verified the owner capacity to form a binding agreement: e.g. confirmed owner capacity using identification documentation, witness to signature, written evidence, satisfactory to the Contractor, of the Owner's capacity to pay the Contract Price.
1.2D.	Specify documents prepared and compiled to determine contract details: e.g. construction costs, labour costs and availability, quantity takeoff, material costs and supplier, equipment costs, schedule of tasks and payments.

ASSESSOR COMMENTS: PRACTICAL TASK 1	
1.3A. 1.3B.	Specify how the participant clarified and confirmed details of the contract with the owner to resolve discrepancies or disagreements: e.g. face to face meetings, via email and telephone discussion
1.3B. 1.3D.	Specify who the participant consulted when preparing the contract draft: e.g. approved solicitor, workplace owner, quality manager, client/owner, council, surveyor, drafts person/architect
1.4B.	Specify how the participant monitored price and time variations: e.g. consistently checked procurement prices and work schedule to ensure costs met expected stage, or whether variations are required.
1.4B. 1.4E. 1.4F.	Specify which parties were negotiated with to resolve contract anomalies: e.g. negotiated with suppliers, sub-contractors and the client/owner.
1.5E.	Specify how documents were developed, stored securely, during and post contract: e.g. workplace digitally-based technology and applications to store, access, extract, integrate and compile information.