



PRINCIPAL BUILDING AGREEMENT

Project: TKZN NELSON MANDELA CAPTURE SITE

Employer: TOURISM KWAZULU-NATAL

Contractor: TEFLA GROUP (PTY) LTD

Contract Date: 09 NOVEMBER 2018

File Code: TKZN 01/2022

**The Joint Building Contracts Committee® - NPC
Principal Building Agreement
Edition 6.2 – May 2018**

JBCC®

The Joint Building Contracts Committee® NPC (JBCC®) is representative of building owners and developers, professional consultants and general and specialist contractors who contribute their knowledge and experience to the compilation of the JBCC® documents. The JBCC® documents portray the consensus view of the constituent members and are published in the interests of standardisation and good practice with an equitable distribution of contractual risk

For more information about the JBCC®, frequently asked questions, where documents may be purchased as well as training courses visit www.jbcc.co.za. The JBCC® does not sell directly to users but may be contacted at info@jbcc.co.za

Principal Building Agreement structure

The agreement clauses follow the project execution sequence. The documents aim to set out clear, balanced and enforceable procedures, rights and obligations which, when competently managed and administered, protect the employer, contractor and subcontractors alike. The following additional documents form part of the suite of contract agreements

- The JBCC® Principal Building Agreement - Contract Data that incorporates specific employer and contractor requirements;
- The JBCC® General Preliminaries that generally covers all aspects of preliminaries for most types of projects;
- The JBCC® Nominated/Selected Subcontract Agreement that replicates the JBCC® Principal Building Agreement with common clauses retaining the same numbering; and
- A comprehensive set of certificate forms and support documents for use in the administration of the agreement

Warning!

The JBCC® Principal Building Agreement Edition 6.2 has been coordinated with the JBCC® Nominated/Selected Subcontract Agreement Edition 6.2, the JBCC® General Preliminaries and the JBCC® certificate forms and support documents. Forms from previous editions are not compatible with the JBCC® Principal Building Agreement Edition 6.2

Persons entering into or preparing contracts using the JBCC® suite of contract agreements and support documents are warned of the dangers inherent in modifying any part of it

Experience has shown that changes drafted by others, including members of the building professions, often have unintended results that may be prejudicial to either, or both, parties

Disclaimer

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Actions by the parties / principal agent within a given time

Clause	Time period	Party	Purpose
2.4	1WD-7 CD	parties or principal agent	notices deemed to be received
6.4	5 WD	contractor > principal agent	non-performance of an agent i.t.o. this agreement
6.5	10 WD	employer	appoint another agent/contractor may object
10.6	10 WD notice	contractor > employer	failure to insure - notice – insure + recover expense
11.1	15 WD	contractor	provide guarantee for construction
11.2.1	20 WD	contractor	replace securities
11.5.1-2	15/20 WD	employer	provide / replace guarantee for payment
11.6	10 WD notice	contractor > employer	no security, contractor notice to suspend works
11.8	10 WD	parties	return original/replacement security forms
12.2.2	15 WD	contractor	submit priced document
12.2.6	15 WD	contractor	submit programme
14.4.2	15 WD guarantee	contractor > subcontractor	provide guarantee for payment to nominated subcontractor
14.5	5 WD proof payment	employer (principal agent)	pay nominated subcontractor on default by contractor
14.6	5 WD notice	contractor + subcontractor	termination of subcontractor appointment on default
15.4.2	15 WD guarantee	contractor > subcontractor	provide guarantee for payment to selected subcontractor
15.5	5 WD proof payment	employer (principal agent)	pay selected subcontractor on default by contractor
17.3	5 WD	contractor	proceed with a contract instruction, where practical
19.2.2	5 WD	contractor > principal agent	works ready for inspection
19.4	5+5 WD	contractor > principal agent	no 'list' > notice > deemed practically complete
19.6	5+agreed WD	principal agent > contractor	employer occupies portion of the works, list for completion, fix defects
21.3.1	10 WD	contractor	inspect before expiry of defects liability period
21.3.2	5 WD	contractor > principal agent	invite PA to inspect list for completion
21.5	5 WD notice	contractor > principal agent	inspect > list for final completion > certificate
21.6	10 WD notice	principal agent > contractor	no list for final completion > notice > complete
21.7.3	5 WD notice	principal agent > contractor	inspect > list for final completion > certificate
21.9	5+5 WD	contractor > principal agent	no list for final completion / deemed final completion
23.4.2*	20 WD notice	contractor > principal agent	notice of a possible delay, no details yet
23.5	40 WD claim	contractor > principal agent	delay ceased, details of delay and expenses
23.7	20 WD award	principal agent > contractor	assess claim – accept/reduce/reject
25.2	14 CD payment date [CD]	principal agent > contr/empl	issue payment certificate and support forms
25.10	14 CD payment	employer pay contractor	make payment from date of payment certificate
25.11	21 CD	contractor pay employer	make payment i.t.o. schedule from principal agent
25.13	7 CD payment	contractor pay subcontractor	pay subcontractors i.t.o. schedule from principal agent
25.14	5 WD notice	contractor > employer	no/partial payment > suspend etc
25.15	7 CD payment	principal agent > contractor	final payment certificate after acceptance of final account
26.5*	20 WD notice	contractor > principal agent	notice of possible expense and loss
26.6	40 WD claim	contractor > principal agent	substantiated claim
26.7	20 WD award	principal agent > contractor	assess claim = accept/reduce/reject
26.10	60 WD issue FA	principal agent > contractor	issue final account
26.11	30 WD accept FA	contractor > principal agent	accept final account
26.12	10 WD notice	contractor + principal agent	agree final account or deemed acceptance
27.2.9	5 WD notice	notice to contractor	remedy default before next recovery statement
28.1	10 WD notice	contractor > employer	list of defaults to be remedied > suspend works
28.2	notice	contractor > employer	suspension of works where defaults not remedied
29.2	10 WD	employer > contractor	intention to terminate if defaults not remedied
29.3	notice	employer > contractor	default not remedied, termination forthwith
29.14	notice	contractor > employer	intention to terminate if guarantee for payment not provided/maintained
29.15	10 WD notice	contractor > employer	intention to terminate if defaults not remedied
29.16	forthwith	contractor > employer	default not remedied, termination forthwith
29.17.1	forthwith	contractor > subcontractor	termination where PBA terminated
29.17.2	10 WD notice	contractor	remove construction equipment, temporary works, etc
29.21	10 WD	either party	intention to terminate > impossible to complete
29.24.3	10 WD	contractor	remove construction equipment
29.25.2	20 WD	principal agent	prepare status report
29.25.4	60 WD	principal agent	complete final account
30.2	10 WD	either party	disagreement not resolved > dispute
30.3	10 WD	aggrieved party	refer to adjudication
30.6.4	10 WD	aggrieved party	dissatisfied with adjudication
30.6.5	10 WD	aggrieved party	no adjudication/not accept adjudication ruling > arbitration

Abbreviations: WD = working days CD = calendar days. *No notice, forfeits the opportunity to claim

PRINCIPAL BUILDING AGREEMENT

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ERRATA

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INTERPRETATION

1.0 DEFINITIONS and INTERPRETATION

1.1 Definitions

A word or phrase in bold type in this agreement shall have the meaning assigned to it in these definitions
A word or phrase not in bold type shall be interpreted in the context of its usage

AGENT: An entity [CD] appointed by the employer to deal with specific aspects of the works

AGREEMENT: The completed JBCC® Principal Building Agreement and JBCC® contract data, the contract drawings, the priced document and any other documents reduced to writing and signed by the authorised representatives of the parties

BILLS OF QUANTITIES: The document drawn up in accordance with the measuring system [CD]

BUDGETARY ALLOWANCE: An amount included in the **contract sum** for work intended for execution by the contractor, the extent of which is identified but not detailed

CALENDAR DAYS: Twenty-four (24) hour days commencing at midnight (00:00) which include Saturdays, Sundays, proclaimed public holidays and recorded contractor's annual holiday periods [CD]

CERTIFICATE OF FINAL COMPLETION: A certificate issued by the **principal agent** to the **contractor** with a copy to the employer stating the date on which **final completion** of the works, or of a section thereof, was achieved

CERTIFICATE OF PRACTICAL COMPLETION: A certificate issued by the **principal agent** to the **contractor** with a copy to the employer stating the date on which **practical completion** of the works, or of a section thereof, was achieved

COMPENSATORY INTEREST: Interest due to the **contractor** at the ruling rate of **interest** on amounts certified after thirty-one (31) **calendar days** of the date of **practical completion**, compounded monthly until the date of payment

CONSTRUCTION EQUIPMENT: Equipment and/or plant provided by or belonging to the **contractor** and/or **subcontractors** and used during the **construction period**

CONSTRUCTION INFORMATION: All information issued by the **principal agent** and/or **agents** including this agreement, specifications, drawings, schedules, **notices** and **contract instructions** required for the execution of the works

CONSTRUCTION PERIOD: The period commencing on the intended date [CD] of possession of the site by the **contractor** and ending on the date of **practical completion**

CONTRACT DATA: The document listing the project specific information

[CD]: The notation used where project specific information is recorded in the **contract data**

CONTRACT DRAWINGS: The drawings listed [CD]

CONTRACT INSTRUCTION: A written instruction issued by or under the authority of the **principal agent** to the **contractor** that may include drawings, photographs and other **construction information**

CONTRACT SUM: The accepted tender amount inclusive of **tax** [CD], not subject to adjustment

CONTRACT VALUE: A monetary value initially equal to the **contract sum**, subject to adjustment in terms of this agreement

CONTRACTOR: The party [CD] contracting with the employer for the execution of the works

DEFAULT INTEREST: Interest at six (6) percentage points per annum above the ruling rate of **interest** where payment has not been received within the stipulated period, compounded monthly from the due date for payment until the date of payment

DEFECT: Any aspect of materials and workmanship forming part of the works that does not conform to the agreement and/or **construction information**

DIRECT CONTRACTOR: An entity appointed under separate agreement by the employer to do work on site prior to practical completion [CD]

EMPLOYER: The party [CD] contracting with the contractor

FINAL ACCOUNT: The document prepared by the principal agent that reflects the final contract value of the works at final completion or termination

FINAL COMPLETION: The stage of completion as certified by the principal agent where the works, or a section thereof, has been completed and is free of defects

FINAL PAYMENT CERTIFICATE: The certificate issued by the principal agent after the issue of the certificate of final completion and after the final account has been agreed

FORCE MAJEURE: An exceptional event or circumstance that:

- Could not have been reasonably foreseen
- Is beyond the control of the parties, and
- Could not reasonably have been avoided or overcome

Such an event may include but is not limited to:

- Acts of war (declared or not), invasion and/or hostile acts of foreign enemies
- Insurrection, rebellion, revolution, military or usurped power and terrorism
- Civil commotion, disorder, riots, strike, lockout by persons other than the contractor's employees or his subcontractors
- Sonic shock waves caused by aircraft or other aerial devices and ionising or radioactive contamination
- Explosive materials, except where attributable to the contractor's use of such technology
- Natural catastrophes including earthquakes, floods, hurricanes or volcanic activity

FREE ISSUE: Materials and goods provided at no cost to the contractor by the employer for inclusion in the works [CD]

GUARANTEE FOR ADVANCE PAYMENT: A security in terms of the JBCC® Guarantee for Advance Payment form, obtained by the contractor from an institution approved by the employer

GUARANTEE FOR CONSTRUCTION: A security in terms of the JBCC® Guarantee for Construction form, obtained by the contractor from an institution approved by the employer [CD]

GUARANTEE FOR PAYMENT: A security in terms of the JBCC® Guarantee for Payment form, obtained by the employer from an institution approved by the contractor [CD]

INTEREST: The bank rate applicable from time to time to registered banks borrowing money from the Central or Reserve Bank of the country [CD]. The ruling bank rate on the first calendar day of each month shall be used in calculating the interest due for such month

JBCC®: The Joint Building Contracts Committee® NPC

LATENT DEFECT: A defect that an inspection of the works by the principal agent and/or agents would not reasonably have revealed

LAW: The law of the country [CD]

LIST FOR COMPLETION: A list that may include marked up drawings and photographs issued by the principal agent where practical completion has been certified, listing defects and/or outstanding work to be completed

LIST FOR FINAL COMPLETION: A list for completion that may include marked up drawings and photographs issued by the principal agent after the inspection of the works for final completion, where final completion has not been achieved, listing defects and/or outstanding work to be completed to achieve final completion

LIST FOR PRACTICAL COMPLETION: A comprehensive and conclusive list that may include marked up drawings and photographs issued by the principal agent after the inspection of the works for practical completion, where practical completion has not been achieved, listing the defects and/or outstanding work to be completed to achieve practical completion

MATERIALS AND GOODS: Unfixed materials, goods and/or items fabricated for inclusion in the works whether stored on or off the site or in transit

NOTICE: A written communication, excluding social media, issued by either party, the principal agent and/or agents to the other party, the principal agent and/or agents to, inter alia, record an event, request outstanding construction information, or where suspension or resumption of the works and/or termination of this agreement is contemplated

N/S SUBCONTRACT AGREEMENT: The completed JBCC® Nominated/Selected Subcontract Agreement (NSSA) and JBCC® NSSA contract data, the subcontract drawings, the subcontract priced document and any other documents reduced to writing and signed by the authorised representatives of the contractor and of the subcontractor

PARTY: The employer or the contractor and 'parties' shall refer to both of them

PAYMENT CERTIFICATE: A certificate issued at regular agreed intervals [CD] by the principal agent to the parties certifying the amount due and payable in terms of the JBCC® Payment Certificate format

PENALTY: The stipulated amount per calendar day [CD] payable by the contractor to the employer where the date or the revised date for practical completion, whichever is the later, has not been met

PRACTICAL COMPLETION: The stage of completion as certified by the principal agent where the works, or a section thereof, has been completed and is free of patent defects other than minor defects identified in the list for completion and can be used for the intended purpose [CD]

PRELIMINARIES: The JBCC® General Preliminaries and/or the items listed in the preliminaries section of the priced document

PRICED DOCUMENT: The document incorporating quantities and/or rates used in the compilation of the contract sum such as bills of quantities, preliminaries and schedules of rates

PRIME COST AMOUNT: An amount included in the contract sum for the delivered cost of materials and goods obtained from a supplier as instructed by the principal agent

PRINCIPAL AGENT: The entity [CD] appointed by the employer with full authority and obligation to act in terms of this agreement

PROGRAMME: A diagrammatic representation of the planned execution of units of work or activities by the contractor and subcontractors indicating the dates for commencement and completion prepared and maintained by the contractor

PROVISIONAL SUM: An amount included in the contract sum for the supply and installation of work by a subcontractor

RECOVERY STATEMENT: The statement prepared and issued in conjunction with each payment certificate by the principal agent in terms of the JBCC® Recovery Statement format

SECTION: An identified portion of the works for which practical completion is required by a date earlier than that required for the works as a whole [CD]

SECURITY: A monetary guarantee [CD] provided by the employer to the contractor, or vice versa, in terms of this agreement from which either party may recover expense and loss in the event of default

SITE: The land or place where the works is to be executed [CD]

STATUS REPORT: A report compiled by the principal agent and/or agents in the event of termination of the agreement, or where the works has been suspended due to a force majeure event, or in the event of termination of a n/s subcontract agreement by the contractor, to record the state of completion or otherwise of the works or the n/s subcontract works. Such status report may include marked up drawings and photographs

SUBCONTRACTOR: A nominated or a selected subcontractor appointed in terms of the n/s subcontract agreement by the contractor in accordance with a contract instruction for the supply and installation of work for which a provisional sum has been included in the contract sum

SUSPENSION: The temporary cessation of the works by the contractor

TAX: Value-added tax, general sales tax or similar consumption tax applicable by law

WORKING DAYS: Calendar days which exclude Saturdays, Sundays, proclaimed public holidays and recorded contractor's annual holiday periods [CD]

WORKS: The extent of work to be executed by the **contractor** described in the agreement and **contract instructions**, which includes **free issue and materials and goods**. Work or installations to be executed by **direct contractors** and others responsible to the **employer** are excluded [CD]

1.2 Interpretation

- 1.2.1 In this document, unless inconsistent with the context, the words "accept, allow, appoint, approve, authorise, certify, decide, demand, designate, grant, inform, instruct, issue, list, **notice**, notify, object, record, reduce, refuse, request, state" and their derivatives require such acts to be in writing
- 1.2.2 The masculine gender includes the feminine and neuter genders and vice versa, the singular includes the plural and vice versa and a person includes juristic or artificial persons
- 1.2.3 The headings of clauses are for information only and shall not be used in interpretation
- 1.2.4 Reference to a clause number written as clause [54.3.2] means that specific clause; or clause [54.3.2-4] means sub-clauses 2 to 4 inclusively; or clause [54.3.2 & 4] means sub-clauses 2 and 4 only
- 1.2.5 The word "deemed" shall be conclusive that something is fact, regardless of the objective truth

2.0 LAW, REGULATIONS AND NOTICES

- 2.1 The **contractor** shall comply with the law [CD], obtain permits, licences and approvals required and pay related charges for the execution of the **works** [17.1.4]. The **employer** shall comply with the law [CD], obtain permits, planning, building or similar permissions and pay charges for the **works** other than those which are the responsibility of the **contractor** [26.4.1]
- 2.2 All communication or **notices** between the **parties** shall be in the language of this agreement and in a format that can be read, copied and recorded
- 2.3 Legal processes arising out of or concerning this **agreement** may validly be delivered to and served on the **parties** at the physical address of the **parties** recorded in this **agreement**. Either party may, at any time, by **notice** to the other, change his physical address provided it is in the same country as the original address
- 2.4 Notices given in terms of this **agreement** shall be deemed to have been received where:
 - 2.4.1 Delivered by hand - on the day of delivery
 - 2.4.2 Sent by electronic mail, excluding social media - within one (1) working day
 - 2.4.3 Sent by registered post - within seven (7) calendar days after posting

3.0 OFFER AND ACCEPTANCE

- 3.1 The objective of this **agreement** is the execution of and payment for the **works** for which there has been an offer by the **contractor** and an acceptance by the **employer**
- 3.2 The currency applicable to this **agreement** is as recorded [CD]
- 3.3 This **agreement** shall come into force on the date of acceptance by the **employer** and continue to be of force and effect until the end of the **latent defects** liability period [22.0] notwithstanding termination [29.0] or the certification of final completion [21.0] and final payment [25.0]
- 3.4 Should any provision of this **agreement** be unenforceable the **parties** shall act in good faith to agree alternative provisions in terms of this **agreement**
- 3.5 Failure or omission by a **party** to enforce any provision of this **agreement** shall not constitute a waiver of such provision or affect such party's rights to require the performance of such provision in the future

WORKS: The extent of work to be executed by the contractor described in the agreement and contract instructions, which includes free issue and materials and goods. Work or installations to be executed by direct contractors and others responsible to the employer are excluded [CD]

1.2 Interpretation

- 1.2.1 In this document, unless inconsistent with the context, the words "accept, allow, appoint, approve, authorise, certify, decide, demand, designate, grant, inform, instruct, issue, list, notice, notify, object, record, reduce, refuse, request, state" and their derivatives require such acts to be in writing
- 1.2.2 The masculine gender includes the feminine and neuter genders and vice versa, the singular includes the plural and vice versa and a person includes juristic or artificial persons
- 1.2.3 The headings of clauses are for information only and shall not be used in interpretation
- 1.2.4 Reference to a clause number written as clause [54.3.2] means that specific clause; or clause [54.3.2-4] means sub-clauses 2 to 4 inclusively; or clause [54.3.2 & 4] means sub-clauses 2 and 4 only
- 1.2.5 The word "deemed" shall be conclusive that something is fact, regardless of the objective truth

2.0 LAW, REGULATIONS AND NOTICES

- 2.1 The contractor shall comply with the law [CD], obtain permits, licences and approvals required and pay related charges for the execution of the works [17.1.4]. The employer shall comply with the law [CD], obtain permits, planning, building or similar permissions and pay charges for the works other than those which are the responsibility of the contractor [26.4.1]
- 2.2 All communication or notices between the parties shall be in the language of this agreement and in a format that can be read, copied and recorded
- 2.3 Legal processes arising out of or concerning this agreement may validly be delivered to and served on the parties at the physical address of the parties recorded in this agreement. Either party may, at any time, by notice to the other, change his physical address provided it is in the same country as the original address
- 2.4 Notices given in terms of this agreement shall be deemed to have been received where:
 - 2.4.1 Delivered by hand - on the day of delivery
 - 2.4.2 Sent by electronic mail, excluding social media - within one (1) working day
 - 2.4.3 Sent by registered post - within seven (7) calendar days after posting

3.0 OFFER AND ACCEPTANCE

- 3.1 The objective of this agreement is the execution of and payment for the works for which there has been an offer by the contractor and an acceptance by the employer
- 3.2 The currency applicable to this agreement is as recorded [CD]
- 3.3 This agreement shall come into force on the date of acceptance by the employer and continue to be of force and effect until the end of the latent defects liability period [22.0] notwithstanding termination [29.0] or the certification of final completion [21.0] and final payment [25.0]
- 3.4 Should any provision of this agreement be unenforceable the parties shall act in good faith to agree alternative provisions in terms of this agreement
- 3.5 Failure or omission by a party to enforce any provision of this agreement shall not constitute a waiver of such provision or affect such party's rights to require the performance of such provision in the future

4.0 CESSION AND ASSIGNMENT

- 4.1 Neither party shall cede rights or assign rights and obligations under this **agreement** without the prior written consent of the other party, which consent shall not be unreasonably withheld
- 4.2 The **contractor** shall not consent to a nominated **subcontractor** ceding rights or assigning rights and obligations under this **agreement** without obtaining the prior written consent of the **principal agent**
- 4.3 Notwithstanding the above, where a **party** cedes any right to any monies due or to become due under this **agreement** as security in favour of a financial institution, consent shall not be required provided **notice** of such cession is timeously given to the other party

5.0 DOCUMENTS

- 5.1 Documents referred to in this **agreement** shall mean the current edition thereof with all amendments thereto as at the date of submission of the **contractor's** tender
- 5.2 The **parties** shall sign the original **agreement** and shall each be issued with a copy thereof by the **principal agent**. The original signed **agreement** shall be held by the **principal agent** [CD]
- 5.3 Persons authorised to act on behalf of the **parties** and/or agents appointed by the **employer** shall be identified in the **construction information**. Such authorised persons may be changed by **notice** to the other **party**
- 5.4 The **priced document** shall not be used as a specification of materials and goods or methods
- 5.5 The content of this **agreement** shall not be published or disclosed or used for any purpose other than that specified in this **agreement** by one party without the prior written consent of the other party
- 5.6 The **principal agent** and/or **agents** shall timeously provide the number of copies [CD] of drawings, un-priced **bills of quantities** and other **construction information** at no cost to the **contractor**

6.0 EMPLOYER'S AGENTS

- 6.1 The **employer** warrants that the **principal agent** has full authority and obligation to act on behalf of and bind the **employer** in terms of this **agreement**. The **principal agent** has no authority to amend this **agreement**
- 6.2 The **employer** may appoint agents to deal with specific aspects of the **works** in terms of this **agreement** [CD]. The **principal agent** shall give **notice** to the **contractor** where such authority is delegated to **agents** to issue **contract instructions** and perform duties for specific aspects of the **works**. An **agent** appointed in terms of this clause shall not be entitled to subdelegate his authority without the prior written consent of the **employer** and **notice** to the **contractor**
- 6.3 The **principal agent** and/or **agents** shall declare any interest or involvement in the **works** other than a professional interest, where applicable [CD]
- 6.4 Where the **principal agent** fails to act in terms of this **agreement** and/or an **agent** fails to act in terms of delegated authority, the **contractor** shall give **notice** to the **principal agent**, with a copy to the **employer**, to rectify such default within five (5) **working days**. Where such default has not been rectified, the **contractor** may give **notice** to suspend the **works** [28.0]
- 6.5 Where the **principal agent** and/or an **agent** fails to act or is unable to act or ceases to be the **principal agent**, or an **agent** in terms of this **agreement**, the **employer** shall appoint another **principal agent** and/or an **agent** within ten (10) **working days** of the date of such **notice** from the **contractor**. The **employer** shall not appoint a **principal agent** and/or an **agent** against whom the **contractor** makes reasonable objection within five (5) **working days** of receipt of **notice** of intention to make such an appointment
- 6.6 The **employer** shall not interfere with or prevent the **principal agent** and/or **agents** from exercising fair and reasonable judgement when performing their obligations in terms of this **agreement**

7.0 DESIGN RESPONSIBILITY

- 7.1 The **contractor** shall not be responsible for the design of the **works** other than the **contractor's** and **subcontractors'** temporary works. The **contractor** shall not be responsible for the coordination of design elements
- 7.2 Any design responsibility undertaken by a **subcontractor** shall not devolve on the **contractor**. All contractual or other rights the **contractor** has against such **subcontractor** arising from any design responsibility undertaken shall be ceded to the **employer** on the date of final completion or the date of termination of this agreement [9.2.3]
- 7.3 The **contractor** shall be responsible for the timeous submission of design documentation by a selected **subcontractor** for acceptance and coordination by the **principal agent** and/or **agents** [23.2.8]

INSURANCES AND SECURITIES

8.0 WORKS RISK

- 8.1 The **contractor** shall take full responsibility for the **works** from the date on which possession of the site is given to the **contractor** and up to the date of issue of the **certificate of practical completion** or deemed achievement of **practical completion** for the **works** as a whole, or a **section** thereof. Thereafter responsibility for the **works** as a whole, or a **section** thereof, shall pass to the **employer**
- 8.2 The **contractor** shall make good physical loss and repair damage to the **works** caused by or arising from:
 - 8.2.1 Any cause before the date of **practical completion** [19.0]
 - 8.2.2 Any act or omission of the **contractor** in the course of any work carried out in pursuance of the **contractor's** obligations after the date of **practical completion**
- 8.3 The liability of the **contractor** in respect of any loss or damage shall include, but not be limited to:
 - 8.3.1 The cost of making good such physical loss and repairing damage to the **works** including clearing away and removing all debris and any other costs to reinstate the **works**
 - 8.3.2 The new replacement value of **free issue** [12.1.10]
 - 8.3.3 The cost of additional professional services
- 8.4 Notwithstanding subclause 8.3, the limit of the **contractor's** liability shall not exceed the amount of the contract works insurance [10.1.1] [CD]
- 8.5 The **contractor** shall not be liable for the cost of making good physical loss and repairing damage to the **works** caused by or arising from:
 - 8.5.1 The use or occupation of any part of the **works** by the **employer**, the **employer's** employees and/or **agents** and those for whose actions they are responsible
 - 8.5.2 An act or omission of the **employer**, the **employer's** employees and/or an **agent** and those for whose actions they are responsible
 - 8.5.3 An act or omission by a **direct contractor**
 - 8.5.4 The use or occupation of any part of the **works** by a **direct contractor**
 - 8.5.5 The design of the **works** for which the **contractor** is not responsible [7.1]
 - 8.5.6 A **defect in free issue or materials and goods** specified by trade name where the **contractor** has no right of substitution. The **contractor** hereby cedes any right of action to the **employer** that may exist against the supplier and/or manufacturer of such **free issue and/or materials and goods**
 - 8.5.7 **Force majeure**

- 8.6 Where the contractor is not liable for the cost of making good physical loss or repairing damage [8.5] such making good and/or expense and/or loss shall be measured and valued and included in the contract value by the principal agent [17.1.10]
- 8.7 The contractor shall immediately give notice to the principal agent on becoming aware of physical loss or damage to the works

9.0 INDEMNITIES

- 9.1 The contractor indemnifies and holds harmless the employer, the employer's employees and/or agents from all claims or proceedings for damages, expense and/or loss including legal fees and expenses in respect of or arising from:
 - 9.1.1 Death or bodily injury or illness of any person or physical loss or damage to any property other than the works arising out of or due to the execution of the works or presence on and/or occupation of the site by the contractor. Should such an event occur, the contractor shall forthwith give notice to the principal agent
 - 9.1.2 Non-compliance by the contractor with the law, regulation or bylaw of any local or other authority and the failure by the contractor to obtain any permit, licence or approval that the contractor is required to obtain in terms of this agreement [2.1]
 - 9.1.3 Physical loss or damage to construction equipment or other property belonging to the contractor or the contractor's subcontractors but excluding direct contractors' equipment or property
- 9.2 The employer indemnifies and holds the contractor harmless from all claims or proceedings for damages, expense and/or loss, including legal fees and expenses, in respect of or arising from:
 - 9.2.1 An act or omission of the employer, the employer's employees and/or agents and those for whose actions they are responsible
 - 9.2.2 An act or omission of a direct contractor [16.0]
 - 9.2.3 Design of the works [7.2] where the contractor is not responsible for such design
 - 9.2.4 The use or occupation of any part of the works by the employer, tenants, direct contractors or others authorised by the employer
 - 9.2.5 Proceeding with the works on instruction from the employer without the employer obtaining the required permission under the law in terms of this agreement [2.1]
 - 9.2.6 Interference with any servitude or other right not recorded in construction information issued to the contractor that is the unavoidable result of the execution of the works including the removal of or weakening of or interference with the support of land and property adjacent to or within the site unless resulting from any negligent act or omission by the contractor or his subcontractors. Should such an event occur, the contractor shall forthwith give notice to the principal agent
 - 9.2.7 Physical loss or damage to an existing structure and the contents thereof where this agreement is for alterations or additions to an existing structure. Should such an event occur, the contractor shall forthwith give notice to the principal agent
 - 9.2.8 A defect in free issue
 - 9.2.9 Physical loss or damage to the works where a certificate of practical completion has been issued [19.0] or practical completion has been deemed to have been achieved
 - 9.2.10 Advance payments certified by the principal agent and paid by the contractor to subcontractors [27.1.8; 27.2.4]

10.0 INSURANCES

- 10.1 The party responsible shall effect and keep the respective insurances [CD] in force in the joint names of the parties from the date of possession of the site until the issue of the certificate of practical completion with an extension to cover the contractor's obligations after the date of practical completion [8.2.2]:
- 10.1.1 Contract works insurance [CD] for the works that shall make provision for direct contractors [CD], free issue [CD], materials and goods, professional fees, temporary works, clearing away and removing of all debris and any other costs to reinstate the works and where required, damage to employer owned surrounding property [CD] where not covered under the removal of lateral support insurance
- 10.1.2 Supplementary insurance [CD] for the works against loss or damage caused by civil commotion, riot, strike, labour disturbance and lockout to the extent not insured under the contract works insurance
- 10.1.3 Public liability insurance [CD] providing indemnity in respect of accidental death or injury to any person and accidental loss of or physical damage to tangible property, to remain in force until the date of final completion
- 10.1.4 Removal of lateral support insurance [CD] where the employer considers that the execution of the works could cause the removal of or weakening of or interference with the support of land or property adjacent to or within the site (also including employer owned surrounding property) and the consequences thereof. The employer shall appoint an agent to design and monitor appropriate support structures for use in excavations and/or in existing property that form part of the works and/or the site
- 10.1.5 Other insurances [CD]
- 10.2 Where practical completion in sections is required [20.0], or where the works is for alterations and additions, the employer shall effect and keep in force contract works insurance [10.1.1], supplementary insurance [10.1.2], public liability insurance [10.1.3] and where applicable, removal of lateral support insurance [10.1.4] and other insurances [10.1.5] in the joint names of the parties until the date of final completion
- 10.3 The party responsible for effecting insurances [10.1.1-5; 10.2] shall provide proof of the insurances effected to the other party before the commencement of the construction period and, where required, provide proof of extension or renewal of such insurances before their expiry. Upon request the party responsible for effecting insurances shall provide the other party with the entire policy wording of such insurances
- 10.4 The contractor shall be responsible for the deductible amounts [CD] other than where a claim against an insurance cover is due to default of the employer, the employer's employees and/or agents and those for whose actions they are responsible
- 10.5 The employer may, at his expense, require the cover of the contract works insurance [10.1.1] to be increased. The party responsible for effecting insurances shall provide written proof of such adjustment
- 10.6 Where the employer fails to effect the required insurances within ten (10) working days after notice to do so the contractor may, on expiry of the notice period, suspend the works until such insurances have been effected [28.1.4]
- 10.7 Where this agreement is terminated [29.0] and the contractor is not required to make good the physical loss or repair damage to the works, the right to the proceeds of an insurance claim shall vest solely in the employer. The party responsible for the insurances shall give notice to the insurer to clarify the status of the insurance cover and/or further insurance obligations applicable to the works, public liability insurance, supplementary insurance and removal of lateral support insurance
- 10.8 Any amounts not recovered from insurers shall be borne by the employer or contractor in accordance with their respective obligations under this agreement
- 10.9 The party responsible for effecting the insurances shall keep insurers informed of any relevant changes in respect of this agreement
- 10.10 The parties shall at their discretion effect insurances for aspects not insured such as construction equipment and work by direct contractors after practical completion

11.0 SECURITIES

- 11.1 The contractor shall provide to the employer a guarantee for construction within fifteen (15) working days of acceptance of the contractor's tender and choose:
- 11.1.1 A guarantee for construction – (variable) initially equal to ten per cent (10%) of the contract sum and keep such security valid and enforceable until the final payment certificate has been issued to the contractor [25.15]
or ...
- 11.1.2 A guarantee for construction - (fixed) equal to five per cent (5%) of the contract sum and a payment reduction of five per cent (5%) of the value of each payment certificate up to a maximum of five per cent (5%) of the contract sum [25.3.3; 25.12]. The contractor shall keep such security valid and enforceable until the only or last certificate of practical completion has been issued
- 11.2 The contractor shall:
- 11.2.1 Maintain and/or replace a guarantee for construction - (variable or fixed) [11.1.1-2] at least twenty (20) working days before such security is due to expire
- 11.2.2 Provide a guarantee for advance payment where an advance payment is required. The contractor shall keep such security valid and enforceable until the advance payment is repaid [11.3]
- 11.3 The amount of the guarantee for advance payment shall be reduced by the amount repaid by the contractor as certified by the principal agent in payment certificates. If the advance payment is not repaid by the date a certificate of practical completion is issued or deemed achievement of practical completion or by the date of termination by the employer due to contractor default [29.9.3], the entire outstanding amount shall immediately become due and payable
- 11.4 Where the contractor fails to provide the specified guarantee for construction the employer may:
- 11.4.1 Hand over the site to the contractor and withhold an amount in interim payment certificates to the contractor until the total amount withheld is equal to ten per cent (10%) of the contract sum. The amount withheld shall be reduced at practical completion [19.0] to two and one half per cent (2.5%) of the contract sum and to zero per cent (0%) in the final payment certificate [25.9; 25.15]
or ...
- 11.4.2 Terminate this agreement [29.1.1; 29.2]
- 11.5 The employer shall:
- 11.5.1 Provide to the contractor a guarantee for payment where required in the accepted tender [CD] within fifteen (15) working days of acceptance of the contractor's tender
- 11.5.2 Keep such guarantee for payment valid and enforceable in terms of the security form and/or provide a replacement guarantee for payment at least twenty (20) working days before such security is due to expire
- 11.6 Where the employer fails to provide the guarantee for payment [CD], or such security has expired, the contractor may, after giving ten (10) working days notice, where such default has not been remedied, forthwith suspend the works until such security has been provided [12.1.1; 28.1.1] or by further notice terminate this agreement [29.14.2; 29.15]
- 11.7 Where the contract value exceeds the contract sum by more than ten per cent (10%) the guarantee for payment shall be adjusted at the employer's expense. The employer shall provide written proof of such adjustment
- 11.8 The original or the replacement security form(s) shall be returned to the other party within ten (10) working days after the expiry date
- 11.9 Where a party makes an unjustified call on a security, the amount paid and default interest shall be paid to the other party [27.1.2; 27.1.5]
- 11.10 The contractor shall waive his lien or right of continuing possession of the works on receipt of a guarantee for payment from the employer

EXECUTION

12.0 OBLIGATIONS OF THE PARTIES

- 12.1 The employer shall:
- 12.1.1 Provide a guarantee for payment [11.5], where applicable [CD]
 - 12.1.2 Record specific requirements [CD] where the existing premises will be in use and occupied during the execution of the works including restriction of working hours [CD]
 - 12.1.3 Record and describe relevant natural features and known services [CD] where the contractor shall be responsible for their preservation
 - 12.1.4 Define any restrictions to the site or areas that the contractor may not occupy [CD]
 - 12.1.5 Give possession of the site to the contractor on the agreed date [CD]
 - 12.1.6 Effect and keep in force insurances in the joint names of the parties, where the employer is responsible for providing insurances [CD]
 - 12.1.7 Make payments by the due date [25.10] [CD]
 - 12.1.8 Make advance payments, where required [CD]
 - 12.1.9 Permit reasonable access to the works by the contractor and/or subcontractors subsequent to practical completion to fulfil outstanding obligations [17.1.17; 19.7]
 - 12.1.10 Supply free issue [CD] to suit the programme
 - 12.1.11 Define the extent of work to be carried out by direct contractors [CD]
 - 12.1.12 Ensure that the principal agent and/or agents provide adequate construction information timely to the contractor
 - 12.1.13 At the employer's discretion make direct payment where the contractor has failed to honour a n/s subcontract payment advice after notice of default by a subcontractor to the principal agent, the employer and the contractor [14.5 and/or 15.5]
- 12.2 The contractor shall:
- 12.2.1 Have inspected the site and any existing structures and be thoroughly acquainted with the conditions under which the works is to be executed including means of access and any matters which may influence the execution and/or the pricing of the works
 - 12.2.2 Within fifteen (15) working days of acceptance of the contractor's tender submit to the principal agent the priced document with items priced to include all costs, overheads and profit, extended and cast. Where the priced document contains errors or discrepancies and/or prices considered by the principal agent to be imbalanced or unreasonable the principal agent and the contractor shall adjust such prices without any change to the contract sum
 - 12.2.3 Provide a guarantee for construction [11.1; 11.2.1]
 - 12.2.4 Provide a guarantee for advance payment [11.2.2], where applicable [CD]
 - 12.2.5 Effect and keep in force insurances in the joint names of the parties where the contractor is responsible for providing insurances [10.0] [CD]
 - 12.2.6 Prepare and submit to the principal agent within fifteen (15) working days of receipt of construction information a programme for the works in sufficient detail to enable the principal agent to monitor the progress of the works
 - 12.2.7 On being given possession of the site commence the works and proceed with due diligence, regularity, expedition, skill and appropriate resources to bring the works to practical completion and to final completion [21.12]
 - 12.2.8 Provide everything necessary for the proper execution of the works in compliance with the agreement

- 12.2.9 Coordinate the programme with subcontractors' and direct contractors' programmes
- 12.2.10 Regularly update the programme to illustrate progress of the works and revise the programme where the principal agent has revised the date for practical completion
- 12.2.11 Regularly submit to the principal agent a progress report and a schedule of outstanding construction information to avoid delays to the works
- 12.2.12 Cooperate with the principal agent in the preparation of cash flow projections and the compilation of payment certificates [25.1]
- 12.2.13 Designate a competent person to continuously administer and control the works and to receive and implement notices and contract instructions on behalf of the contractor
- 12.2.14 Maintain daily records of categories of persons and construction equipment employed on the works and regularly provide copies to the principal agent
- 12.2.15 Keep on site a copy of all construction information required for execution of the works to which the employer and principal agent and/or agents shall have reasonable access
- 12.2.16 Allow the employer and principal agent and/or agents reasonable access to the works, workshops and other places where work is being prepared, executed and/or stored
- 12.2.17 Give notice forthwith to the principal agent and/or the employer where items of free issue have been received damaged prior to storage or, where on unpacking, are found not to be in good order before installing such items
- 12.2.18 Provide, maintain and remove on practical completion all temporary structures, construction equipment and notice boards
- 12.2.19 On achievement of practical completion hand over to the principal agent all information for the preparation of 'as built' documentation and applicable statutory and/or regulatory approval certificates as well as all operating and instruction manuals and the like
- 12.2.20 Cede to the employer on the date of issue of the certificate of final completion any guarantees, product warranties or indemnities pertaining to the works. This cession shall not prejudice any other rights that the employer may have [21.11]
- 12.2.21 Forthwith notify all subcontractors where a certificate of practical completion and/or a certificate of final completion has been issued by the principal agent for the works, or a section thereof
- 12.3 The principal agent and the contractor shall hold regular meetings to monitor progress of the works and to deal with technical and coordination matters. The principal agent shall record and timeously distribute the minutes of such meetings

13.0 SETTING OUT

- 13.1 The principal agent and/or an agent with delegated authority shall:
 - 13.1.1 Point out boundary pegs or beacons identifying the site and the datum level
 - 13.1.2 Define the setting out points and levels required for the execution of the works
- 13.2 The contractor shall:
 - 13.2.1 Be responsible for accurate setting out of the works notwithstanding checking by others
 - 13.2.2 Be responsible for the preservation and the reinstatement of boundary pegs, beacons and other survey information and, where disturbed or destroyed, replace such items at his expense
 - 13.2.3 Not be responsible for incorrect setting out if incorrect information was issued to the contractor. In such event the contractor may be entitled to a revision of the date for practical completion [23.2.5] and/or an adjustment of the contract value [26.0]
 - 13.2.4 Immediately suspend affected work to an appropriate extent where encroachments of adjoining structures occur and where undocumented services, natural features, articles of value or relics are uncovered on site and forthwith give notice to the principal agent who shall issue a contract instruction on how to proceed with the works. Any relics or other articles of value found on the site shall remain the property of the employer

14.7.3 The principal agent shall instruct the contractor to appoint another nominated subcontractor [14.1.4] to complete the subcontract works

14.8 There shall be no privity of contract between the employer and a subcontractor appointed by the contractor

15.0 SELECTED SUBCONTRACTORS

15.1 The principal agent and/or agents shall:

15.1.1 Prepare tender documents in conformity with the n/s subcontract agreement and this agreement for work intended to be executed by a selected subcontractor in consultation with and to the reasonable approval of the contractor

15.1.2 Call for tenders from a list of tenderers agreed between the contractor and the principal agent

15.1.3 Scrutinise the received tenders for compliance with the tender documents in consultation with the contractor

15.1.4 In consultation with the contractor, choose the compliant tenderer to be appointed as a selected subcontractor in terms of the n/s subcontract agreement

15.1.5 Inform the contractor where an advance payment is to be made to the subcontractor for an amount included in the accepted tender and that a guarantee for advance payment shall be provided by the subcontractor for the amount stated [NSSA-CD]

15.2 The contractor may refuse to appoint such subcontractor:

15.2.1 Who refuses or fails to enter into a n/s subcontract agreement and/or to comply with other tender requirements

15.2.2 Who has failed to provide a required security [NSSA-CD]

15.2.3 Against whom the contractor makes a reasonable objection where circumstances have changed

15.3 Where such subcontractor is not appointed by the contractor for the reasons stated [15.2], or where the appointment of a subcontractor has been terminated, another subcontractor shall be chosen in consultation with the contractor and appointed in accordance with a contract instruction issued by the principal agent

15.4 Where the subcontractor has complied with the tender requirements, in accordance with a contract instruction issued by the principal agent [17.1.14], the contractor shall:

15.4.1 Appoint the subcontractor as a selected subcontractor and forward a copy of the signed n/s subcontract agreement to the principal agent

15.4.2 Provide a guarantee for payment in the amount stated within fifteen (15) working days of such appointment, where required in the n/s subcontract agreement [CD]

15.4.3 Forward the subcontractor's regular payment claims to the principal agent and/or agents by the date stated [NSSA-CD]

15.4.4 Issue to each subcontractor (with a copy to the principal agent) a JBCC® n/s subcontract payment advice and a JBCC® n/s subcontract recovery statement to reconcile the amount due for payment with the amount stated in the JBCC® n/s subcontract payment notification issued by the principal agent

15.4.5 Pay the subcontractor the amount certified by the date stated in the JBCC® NSSA contract data [25.13]

15.5 Where the contractor fails to provide proof of payment to a subcontractor within five (5) working days of a notice by the principal agent, the employer may instruct the principal agent to certify direct payment to the subcontractor and recover such amount from the contractor [27.2.7]

15.6 Where the selected subcontractor is in default of a material term of the n/s subcontract agreement, the decision of whether or not to terminate the n/s subcontract agreement is that of the contractor

15.7 Where a n/s subcontract agreement with a selected subcontractor is terminated:

14.0 NOMINATED SUBCONTRACTORS

- 14.1 The **principal agent** and/or **agents** shall:
- 14.1.1 Prepare tender documents in conformity with the **n/s subcontract agreement** and this agreement for work intended to be executed by a nominated **subcontractor**
- 14.1.2 Call for tenders
- 14.1.3 Scrutinise the received tenders for compliance with the tender documents in consultation with the **contractor**, where appointed
- 14.1.4 Nominate a **subcontractor** and instruct the **contractor** [17.1.14] to appoint such **subcontractor** as a nominated **subcontractor** in terms of the **n/s subcontract agreement** and other tender requirements
- 14.1.5 Inform the **contractor** where an advance payment is to be made to the **subcontractor** for an amount included in the accepted tender and that a **guarantee for advance payment** shall be provided by the **subcontractor** for the amount stated [NSSA-CD]
- 14.2 The **contractor** may refuse to appoint such **subcontractor**:
- 14.2.1 Against whom the **contractor** makes a reasonable objection
- 14.2.2 Who refuses or fails to enter into a **n/s subcontract agreement** and/or to comply with other tender requirements
- 14.2.3 Who has failed to provide a required security [NSSA-CD]
- 14.3 Where such **subcontractor** is not appointed by the **contractor** for the reasons stated [14.2], or where the appointment of a **subcontractor** has been terminated, another **subcontractor** shall be nominated and appointed in accordance with a **contract instruction** issued by the **principal agent**
- 14.4 Where the **subcontractor** has complied with the tender requirements, in accordance with a **contract instruction** issued by the **principal agent** [17.1.14], the **contractor** shall:
- 14.4.1 Appoint the **subcontractor** as a nominated **subcontractor** and forward a copy of the signed **n/s subcontract agreement** to the **principal agent**
- 14.4.2 Provide a **guarantee for payment** in the amount stated within fifteen (15) **working days** of such appointment, where required in the **n/s subcontract agreement** [CD]
- 14.4.3 Forward the **subcontractor's** regular payment claims to the **principal agent** and/or **agents** by the date stated [NSSA-CD]
- 14.4.4 Issue to each **subcontractor** (with a copy to the **principal agent**) a JBCC® **n/s subcontract payment advice** and a JBCC® **n/s subcontract recovery statement** to reconcile the amount due for payment with the amount stated in the JBCC® **n/s subcontract payment notification** issued by the **principal agent**
- 14.4.5 Pay the **subcontractor** the amount certified by the date stated in the JBCC® NSSA contract data [25.13]
- 14.5 Where the **contractor** fails to provide proof of payment to the **subcontractor** within five (5) **working days** of a **notice** by the **principal agent**, the **employer** may instruct the **principal agent** to certify direct payment to the **subcontractor** and recover such amount from the **contractor** [27.2.7]
- 14.6 Where a nominated **subcontractor** has been declared insolvent, or where, after notification by the **contractor**, the **principal agent** agrees that a nominated **subcontractor** is in default of a material term of the **n/s subcontract agreement**, the **principal agent** shall instruct the **contractor** to give **notice** to the **subcontractor** to rectify such default. The **principal agent** shall instruct the **contractor** to terminate the **n/s subcontract agreement** should such default continue for five (5) **working days** after such **notice** [17.1.15]
- 14.7 Where a **n/s subcontract agreement** with a nominated **subcontractor** is terminated:
- 14.7.1 Due to default or insolvency of the **subcontractor** [23.2.10], or default of the **employer**, the **principal agent** and/or **agents** [23.2.11] any variation in the cost of completing such subcontract works shall be for the account of the **employer**
- 14.7.2 Due to default or insolvency of the **contractor** any variation in the cost of completing such subcontract works shall be for the account of the **contractor**. The **employer** may recover expense and/or loss [27.2.8]

- 15.7.1 Due to default of the employer, the principal agent and/or agents any variation in the cost of completing such subcontract works shall be for the account of the employer [25.3.7]
- 15.7.2 Other than due to the default by the employer, the principal agent and/or agents any variation in the cost of completing the subcontract works shall be for the account of the contractor [25.3.7]
- 15.7.3 The principal agent shall instruct the contractor to appoint another selected subcontractor [15.1.4] to complete the subcontract works
- 15.8 There shall be no privity of contract between the employer and a subcontractor appointed by the contractor

16.0 DIRECT CONTRACTORS

- 16.1 The contractor shall:
 - 16.1.1 In accordance with a contract instruction [17.1.16] permit direct contractors (CD) to execute and/or install work as part of the works. Such access to the works shall not constitute deemed achievement of practical completion or occupation by the employer [19.6]
 - 16.1.2 Make reasonable allowance in the programme for such work or installation
 - 16.1.3 Be entitled to claim expense and/or loss caused by direct contractors [23.2.9; 27.1.7]
- 16.2 Payment of direct contractors shall be the responsibility of the employer outside this agreement
- 16.3 There shall be no privity of contract between the contractor and a direct contractor appointed by the employer

17.0 CONTRACT INSTRUCTIONS

- 17.1 The principal agent may issue contract instructions to the contractor regarding:
 - 17.1.1 Rectification of discrepancies, errors in description or quantity or omission of items in the agreement other than in the JBCC® Principal Building Agreement
 - 17.1.2 Alteration to design, standards or quantity of the works provided that such contract instructions shall not substantially change the scope of the works
 - 17.1.3 The site [13.0]
 - 17.1.4 Compliance with the law, regulations and bylaws [2.1]
 - 17.1.5 Provision and testing of samples of materials and goods and/or of finishes and assemblies of elements of the works
 - 17.1.6 Opening up of work for inspection, removal or re-execution [23.2.4; 26.4.2]
 - 17.1.7 Removal or re-execution of work
 - 17.1.8 Removal or substitution of any materials and goods
 - 17.1.9 Protection of the works
 - 17.1.10 Making good physical loss and repairing damage to the works [23.2.2]
 - 17.1.11 Rectification of defects [21.2]
 - 17.1.12 A list for practical completion specifying outstanding or defective work to be rectified to achieve practical completion, a list for completion and a list for final completion specifying outstanding or defective work to be rectified to achieve final completion
 - 17.1.13 Expenditure of budgetary allowances, prime cost amounts and provisional sums
 - 17.1.14 Appointment of a subcontractor [14.0; 15.0]

- 17.1.15 Termination of a nominated n/s subcontract agreement [14.6]
- 17.1.16 Work by direct contractors [16.0]
- 17.1.17 Access by others or previous contractors to remedy defective work
- 17.1.18 Removal from the site of any person employed on the works
- 17.1.19 Removal from the site of any person not engaged on or connected with the works
- 17.1.20 On suspension or termination, protection of the works, removal of construction equipment and surplus materials and goods [29.0]
- 17.2 The contractor shall comply with and duly execute all contract instructions
- 17.3 Should the contractor fail to proceed with a contract instruction with due diligence, the principal agent may give notice to the contractor to proceed within five (5) working days of receipt of such notice. Where the contractor remains in default, the employer may engage others to carry out such contract instruction and recover expense and/or loss incurred [27.2.3]
- 17.4 The contractor shall not be obliged to execute contract instructions for additional work issued after the certified or deemed date of practical completion
- 17.5 Oral instructions shall be of no force or effect

COMPLETION

18.0 INTERIM COMPLETION

- 18.1 This clause applies only to the n/s subcontract agreement and is included to retain the same clause numbers between the two agreements

19.0 PRACTICAL COMPLETION

- 19.1 The principal agent shall:
 - 19.1.1 Inspect the works at appropriate intervals to give the contractor interpretations and direction on the standard of work and the state of completion of the works required of the contractor to achieve practical completion [CD]
 - 19.1.2 Issue a contract instruction [17.1] consequent on each such inspection, where necessary
- 19.2 The contractor shall:
 - 19.2.1 Inspect the works in advance of the anticipated date for practical completion to confirm that the standard of work required and the state of completion of the works for practical completion has been achieved
 - 19.2.2 Give at least five (5) working days notice to the principal agent of the anticipated date for the inspection for practical completion of the works to meet the anticipated date for practical completion
- 19.3 The principal agent shall inspect the works, or a section thereof, within the period stated [CD] and forthwith issue to the contractor:
 - 19.3.1 A comprehensive and conclusive list for practical completion [17.1.12] where the works has not reached practical completion specifying the defects to be rectified and work to be completed to achieve practical completion
 - 19.3.2 An updated list for practical completion limited to items on the list for practical completion that have not been attended to satisfactorily. The contractor shall repeat the procedure until all items on the list for practical completion have been attended to satisfactorily before the certificate of practical completion is issued by the principal agent

- 17.1.15 Termination of a nominated n/s subcontract agreement [14.6]
- 17.1.16 Work by direct contractors [16.0]
- 17.1.17 Access by others or previous contractors to remedy defective work
- 17.1.18 Removal from the site of any person employed on the works
- 17.1.19 Removal from the site of any person not engaged on or connected with the works
- 17.1.20 On suspension or termination, protection of the works, removal of construction equipment and surplus materials and goods [23.0]
- 17.2 The contractor shall comply with and duly execute all contract instructions
- 17.3 Should the contractor fail to proceed with a contract instruction with due diligence, the principal agent may give notice to the contractor to proceed within five (5) working days of receipt of such notice. Where the contractor remains in default, the employer may engage others to carry out such contract instruction and recover expense and/or loss incurred [27.2.3]
- 17.4 The contractor shall not be obliged to execute contract instructions for additional work issued after the certified or deemed date of practical completion
- 17.5 Oral instructions shall be of no force or effect

COMPLETION

18.0 INTERIM COMPLETION

- 18.1 This clause applies only to the n/s subcontract agreement and is included to retain the same clause numbers between the two agreements

19.0 PRACTICAL COMPLETION

- 19.1 The principal agent shall:
 - 19.1.1 Inspect the works at appropriate intervals to give the contractor interpretations and direction on the standard of work and the state of completion of the works required of the contractor to achieve practical completion [CD]
 - 19.1.2 Issue a contract instruction [17.1] consequent on each such inspection, where necessary
 - 19.2 The contractor shall:
 - 19.2.1 Inspect the works in advance of the anticipated date for practical completion to confirm that the standard of work required and the state of completion of the works for practical completion has been achieved
 - 19.2.2 Give at least five (5) working days notice to the principal agent of the anticipated date for the inspection for practical completion of the works to meet the anticipated date for practical completion
 - 19.3 The principal agent shall inspect the works, or a section thereof, within the period stated [CD] and forthwith issue to the contractor:
 - 19.3.1 A comprehensive and conclusive list for practical completion [17.1.12] where the works has not reached practical completion specifying the defects to be rectified and work to be completed to achieve practical completion
 - 19.3.2 An updated list for practical completion limited to items on the list for practical completion that have not been attended to satisfactorily. The contractor shall repeat the procedure until all items on the list for practical completion have been attended to satisfactorily before the certificate of practical completion is issued by the principal agent

20.0 COMPLETION IN SECTIONS

- 20.1 Where completion in sections is required [CD] the terms and conditions applicable to the works as a whole shall apply to each section
- 20.2 The principal agent shall for each section issue:
 - 20.2.1 A certificate of practical completion [19.3]
 - 20.2.2 A certificate of final completion indicating where applicable, if it is for the last section to reach final completion [21.5.2]
- 21.0 DEFECTS LIABILITY PERIOD AND FINAL COMPLETION
- 21.1 The defects liability period for the works shall commence on the calendar day following the date of practical completion and end at midnight [00:00] ninety (90) calendar days from the date of practical completion [CD] or when work on the list for completion has been satisfactorily attended to [21.6], whichever is the later
- 21.2 Where defects become apparent during the defects liability period the principal agent may instruct the contractor [17.1.11] to progressively attend to such items, whilst at all times minimising inconvenience to the occupants
- 21.3 The contractor shall:
 - 21.3.1 Inspect and forthwith rectify all items on the list for completion no later than ten (10) working days before the expiry of the defects liability period [19.3.4]
 - 21.3.2 Give notice to the principal agent to inspect the works within five (5) working days of receipt of such notice
 - 21.4 Where items on the list for completion have not been attended to the principal agent shall give notice to the contractor of such outstanding items. The process [21.3] shall be repeated until all items on the list for completion have been attended to

or ...

- 19.3.3 A certificate of practical completion with a copy to the employer stating the date on which practical completion of the works, or a section thereof, was achieved
- 19.3.4 A list for completion with a copy to the employer
- 19.4 Should the principal agent not issue a list for practical completion or the updated list within five (5) working days after the inspection period, or the certificate of practical completion [19.3], the contractor shall give notice to the employer and the principal agent. Should the principal agent not issue such list within a further five (5) working days of receipt of such notice, practical completion shall be deemed to have been achieved on the date of such notice and the principal agent shall issue the certificate of practical completion forthwith
- 19.5 On issue of the only or last certificate of practical completion the employer shall be entitled to possession of the works and the site subject to the contractor's lien or right of continuing possession of the works where this has not been waived. On issue of the certificate of practical completion for a section, the employer shall be entitled to possession of such section
- 19.6 Where the employer takes possession of the whole or a portion of the works by agreement with the contractor, practical completion shall be deemed to have occurred. The principal agent shall after inspection of the works [19.3] issue a certificate of practical completion to the contractor with a copy to the employer within five (5) working days of the date of possession of the whole or a portion of the works by the employer and the list for completion of items to be rectified and work to be completed within a period agreed between the parties
- 19.7 On issue of the certificate of practical completion of the works, or a section thereof, where the principal agent instructs that installation work is to be executed by others, the employer and/or contractor shall allow access for such installations

20.0 COMPLETION IN SECTIONS

- 20.1 Where completion in sections is required [CD] the terms and conditions applicable to the works as a whole shall apply to each section
- 20.2 The principal agent shall for each section issue:
 - 20.2.1 A certificate of practical completion [19.3]
 - 20.2.2 A certificate of final completion indicating where applicable, if it is for the last section to reach final completion [21.6.2]

21.0 DEFECTS LIABILITY PERIOD AND FINAL COMPLETION

- 21.1 The defects liability period for the works shall commence on the calendar day following the date of practical completion and end at midnight (00:00) ninety (90) calendar days from the date of practical completion [CD] or when work on the list for completion has been satisfactorily attended to [21.6], whichever is the later
- 21.2 Where defects become apparent during the defects liability period the principal agent may instruct the contractor [17.1.11] to progressively attend to such items, whilst at all times minimising inconvenience to the occupants
- 21.3 The contractor shall:
 - 21.3.1 Inspect and forthwith rectify all items on the list for completion no later than ten (10) working days before the expiry of the defects liability period [19.3.4]
 - 21.3.2 Give notice to the principal agent to inspect the works within five (5) working days of receipt of such notice
- 21.4 Where items on the list for completion have not been attended to the principal agent shall give notice to the contractor of such outstanding items. The process [21.3] shall be repeated until all items on the list for completion have been attended to

- 21.5 The contractor shall give notice to the principal agent when the outstanding items on the list for completion have been attended to. The principal agent shall inspect the works within five (5) working days of receipt of such notice
- 21.6 On the expiry of the ninety (90) calendar days defects liability period [21.1] or when all items on the list for completion have been attended to and on receipt of the contractor's notice to the principal agent, whichever is the later, the principal agent shall inspect the works and within ten (10) working days either:
- 21.6.1 Issue a list for final completion detailing all outstanding work or defects that must be attended to, or rectified to achieve final completion
or ...
- 21.6.2 Issue the certificate of final completion to the contractor with a copy to the employer
- 21.7 Where the principal agent issues a list for final completion:
- 21.7.1 The contractor shall forthwith complete all outstanding work and rectify all the defects
- 21.7.2 The contractor shall give notice to the principal agent when all outstanding work has been completed and all the defects have been rectified
- 21.7.3 The principal agent shall, within five (5) working days of receipt of the contractor's notice(s) [21.7.2] give notice to the contractor either that the items on the list for final completion have been completed, or issue an updated list for final completion of the items not completed and of any further defects that have become evident since the last inspection
- 21.8 Where the principal agent gives notice to the contractor of items on the list for final completion or an updated list for final completion specifying all outstanding work to be completed and/or defects to be rectified to achieve final completion the process [21.7.2-3] shall be repeated until all items on the (updated) list for final completion have been completed. On completion of all items on the (updated) list for final completion the principal agent shall forthwith issue the certificate of final completion to the contractor with a copy to the employer
- 21.9 Where the principal agent has not issued the list for final completion or the updated list within five (5) working days after the inspection period [21.6], the contractor shall forthwith give notice to the employer and the principal agent. Should the principal agent not issue such list within a further five (5) working days of receipt of such notice, final completion shall be deemed to have been achieved on expiry of such notice period and the principal agent shall forthwith issue the certificate of final completion
- 21.10 Where a subcontractor's defects liability period extends beyond the contractor's defects liability period:
- 21.10.1 The contractor's obligations and liability concerning the subcontractor's defects shall end on the date of issue of the certificate of final completion
- 21.10.2 The remaining portion of the subcontractor's defects liability period shall be ceded to the employer on the date of issue of the certificate of final completion
- 21.11 Where the contractor, a subcontractor or a supplier is required to give a guarantee, warranty or indemnity, other than a security to the contractor, the rights and obligations under such guarantee, warranty or indemnity shall be ceded to the employer on the date of issue of the certificate of final completion. This cession shall not prejudice any other rights the employer may have [12.2.20]
- 21.12 A certificate of final completion shall be conclusive as to the sufficiency of the works and that the contractor's obligations [12.2.7] have been fulfilled other than for latent defects

22.0 LATENT DEFECTS LIABILITY PERIOD

- 22.1 The latent defects liability period for the works shall commence at the start of the construction period and end five (5) years from the certified date of final completion
- 22.2 The contractor shall make good all latent defects that appear up to the date of expiry of the latent defects liability period [3.3]
- 22.3 Where termination of this agreement occurs before the date of final completion, the latent defects liability period shall end:

- 22.3.1 Five (5) years from the date of termination [29.10] for the completed portion of the works only or ...
- 22.3.2 On the date of termination where execution of the works has become impossible due to circumstances beyond the control of either party [29.20], or on the date of termination by the contractor due to default by the employer, the principal agent and/or agents [29.17.3; 29.23]

23.0 REVISION OF THE DATE FOR PRACTICAL COMPLETION

- 23.1 The contractor is entitled to a revision of the date for practical completion by the principal agent without an adjustment of the contract value for a delay to practical completion caused by one or more of the following events:
 - 23.1.1 Adverse weather conditions
 - 23.1.2 Inability to obtain materials and goods where the contractor has taken reasonable steps to avoid or reduce such a delay
 - 23.1.3 Making good physical loss and repairing damage to the works [8.2] where such risk is beyond the reasonable control of the parties
 - 23.1.4 Late supply of a prime cost amount item where the contractor has taken reasonable steps to avoid or reduce such delay
 - 23.1.5 Exercise of statutory power by a body of state or public or local authority that directly affects the execution of the works
 - 23.1.6 Force majeure
- 23.2 The contractor is entitled to a revision of the date for practical completion by the principal agent with an adjustment of the contract value [26.7] for a delay to practical completion caused by one or more of the following events:
 - 23.2.1 Delayed possession of the site [12.1.5]
 - 23.2.2 Making good physical loss and repairing damage to the works [8.5] where the contractor is not at risk
 - 23.2.3 Contract instructions [17.1-2] not occasioned by the contractor's default
 - 23.2.4 Opening up and testing of work and materials and goods where such work is in accordance with the agreement [17.1.6]
 - 23.2.5 Late or incorrect issue of construction information [12.1.12; 13.2.3]
 - 23.2.6 Late supply of free issue, materials and goods for which the employer is responsible [12.1.10]
 - 23.2.7 Late appointment of a subcontractor in terms of the agreed programme where the contractor has taken reasonable steps to avoid or reduce such delay [14.4.1; 15.4.1]
 - 23.2.8 Late acceptance by the principal agent and/or agents of a design undertaken by a selected subcontractor where the contractor's obligations have been met [7.3]
 - 23.2.9 An act or omission by a nominated subcontractor [14.0] or a direct contractor [16.0]
 - 23.2.10 Insolvency or termination of a nominated subcontractor [14.7.2]
 - 23.2.11 Suspension or termination by a subcontractor due to default of the employer, the principal agent and/or agents
 - 23.2.12 Execution of additional work for which the quantity in the bills of quantities is not sufficiently accurate
 - 23.2.13 Suspension of the works [28.0]

- 23.3 Further circumstances for which the **contractor** may be entitled to a revision of the date for **practical completion** and an adjustment of the **contract value** are delays to **practical completion** due to any other cause beyond the **contractor's** reasonable control that could not have reasonably been anticipated and provided for. The **principal agent** shall adjust the **contract value** where such delay is due to the **employer** and/or **agents**
- 23.4 Should a listed circumstance occur [23.1-3] which could cause a delay to the date for **practical completion**, the **contractor** shall:
- 23.4.1 Take reasonable steps to avoid or reduce such delay
- 23.4.2 Within twenty (20) **working days** of becoming aware, or ought reasonably to have become aware of such delay, give notice to the **principal agent** of the intention to submit a claim for a revision to the date for **practical completion**, failing which the **contractor** shall forfeit such claim
- 23.5 The **contractor** shall submit a claim for the revision of the date for **practical completion** to the **principal agent** within forty (40) **working days**, or such extended period as the **principal agent** may allow, from when the **contractor** is able to quantify the delay in terms of the **programme**
- 23.6 Where the **contractor** submits a claim for a revision of the date for **practical completion** the claim shall in respect of each circumstance separately state:
- 23.6.1 The relevant clause [23.1-3] on which the **contractor** relies
- 23.6.2 The cause and effect of the delay on the current date for **practical completion**, where appropriate, illustrated by a change to the critical path on the current **programme**
- 23.6.3 The extension period claimed in **working days** and the calculation thereof
- 23.7 The **principal agent** shall, within twenty (20) **working days** of receipt of the claim, grant in full, reduce or refuse the **working days** claimed, and:
- 23.7.1 Determine the revised date for **practical completion** as a result of the **working days** granted
- 23.7.2 Identify each event and the reference clause for each revision granted or amended
- 23.7.3 Give reasons where such claim is refused or reduced
- 23.8 Where the **principal agent** fails to act within the period [23.7] such claim shall be deemed to be refused. The **contractor** may give notice of a disagreement [30.1] where the **principal agent** refuses a claim, alternatively reduces a claim, or fails to act

24.0 PENALTY FOR LATE OR NON-COMPLETION

- 24.1 Where the **contractor** fails to bring the **works**, or a **section** thereof, to **practical completion** by the date for **practical completion** [CD], or the revised date for **practical completion**, the **contractor** shall be liable to the **employer** for the **penalty** [CD]
- 24.2 Where the **employer** elects to levy such **penalty** the **employer**, or the **principal agent** on instruction from the **employer**, shall give notice thereof to the **contractor**. The **principal agent** shall determine the **penalty** due from the later of the date for **practical completion** [CD], or the revised date for **practical completion**, up to and including the earlier of:
- 24.2.1 The actual or deemed date of **practical completion** of the **works**, or a **section** thereof [23.7.1]
- 24.2.2 The date of termination [29.8]
- 24.3 The **principal agent** shall include the **penalty** in regular interim **payment certificates** from the date on which the **employer's** entitlement to **penalties** commences

PAYMENT

25.0 PAYMENT

- 25.1 The **contractor** shall cooperate with and assist the **principal agent** in the preparation of cash flow statements and payment valuations by providing all required documents and quantified amounts of work duly executed. Where the **contractor** has not provided such information the **principal agent** shall make a fair estimate of the work executed
- 25.2 The **principal agent** shall regularly by the due date [CD] issue **payment certificates** to the **contractor** with a copy to the **employer** until and including the issue of the **final payment certificate**. A **payment certificate** may be for a nil or negative amount
- 25.3 Each **payment certificate** shall separately include:
- 25.3.1 A fair estimate of the value of work executed
 - 25.3.2 A fair estimate of the value of **materials and goods** [25.4; 25.5]
 - 25.3.3 **Security adjustment** [11.1.2; 11.4.1]
 - 25.3.4 Cost fluctuations, if applicable
 - 25.3.5 The gross amount certified
 - 25.3.6 The amount previously certified
 - 25.3.7 Amounts due to either party in the **recovery statement** [27.1]
 - 25.3.8 **Tax**
 - 25.3.9 Interest amounts included in the **recovery statement**
 - 25.3.10 Other non-taxable amounts
 - 25.3.11 The net amount certified due to the **contractor** or the **employer**
- 25.4 The value of **materials and goods** [25.3.2] (excluding **materials and goods** off site or in transit) shall be included in the amount certified only where:
- 25.4.1 Not prematurely delivered or offered for delivery in terms of the **programme**
 - 25.4.2 Stored and suitably protected against loss and damage
 - 25.4.3 Covered by insurances [10.0]
- 25.5 The value of **materials and goods** [25.3.2] stored off site and/or in transit shall be included in the amount certified only where covered by a **guarantee for advance payment** or such other security acceptable to the **employer**
- 25.6 **Materials and goods** when certified [25.4] and paid for shall become the property of the **employer** and shall not be removed without the written authority of the **principal agent**
- 25.7 The **principal agent** shall concurrently with each **payment certificate** issue:
- 25.7.1 To the **employer** and the **contractor** a **recovery statement** showing the amounts due to either party in the current **payment certificate**
 - 25.7.2 To the **contractor** a statement showing the amount certified for each **subcontractor**
 - 25.7.3 To each **subcontractor** a n/s subcontract payment notification showing the amount included in the **payment certificate** and its date of issue
 - 25.7.4 The determination of **default interest**
 - 25.7.5 The determination of **compensatory interest**

- 25.8 An interim payment certificate shall not be evidence that the works and materials and goods are in terms of the agreement
- 25.9 The principal agent shall certify one hundred per cent (100%) of the amount of the final account including adjustments [26.0; 27.0] in the final payment certificate
- 25.10 The employer shall pay the contractor the amount certified in an issued payment certificate within fourteen (14) calendar days of the date for issue of the payment certificate [CD] including default interest and/or compensatory interest
- 25.11 The contractor shall pay the employer the amount certified in an issued payment certificate within twenty-one (21) calendar days of the date of issue of the payment certificate [CD] including default interest
- 25.12 Where a guarantee for construction (fixed) and payment reduction [11.1.2] has been chosen the value of the works [26.0] and materials and goods [25.3.2] that exceeds the contract sum and any contract price adjustments (cost fluctuations) [25.3.4; 26.9.5] [CD] shall be certified in full. The value certified that does not exceed the contract sum shall be subject to the following percentage adjustments:
- 25.12.1 Ninety-five per cent (95%) of such value in interim payment certificates issued up to the date of practical completion
- 25.12.2 Ninety-seven and one half per cent (97.5%) of such value in interim payment certificates issued up to but excluding the final payment certificate
- 25.12.3 One hundred per cent (100%) of such value in the final payment certificate
- 25.13 The contractor shall pay all subcontractors within seven (7) calendar days of the due date for payment by the employer [CD] and on request provide proof thereof to the principal agent within seven (7) calendar days of a request to do so
- 25.14 Where the employer has made a partial or no payment of the amount due in an issued payment certificate by the due date or where the principal agent fails to issue a payment certificate, the contractor may give ten (10) working days notice to comply, failing which the contractor may:
- 25.14.1 Suspend the works [28.1.3]
- 25.14.2 Exercise the lien or right of continuing possession of the works where this has not been waived
- 25.14.3 Call up the guarantee for payment [11.5]
- 25.15 The principal agent shall issue the final payment certificate to the contractor with a copy to the employer within seven (7) calendar days of acceptance of the final account by the contractor, but not before the issue of the certificate of final completion, other than on termination [26.11; 29.0]
- 25.16 Where the contractor disputes the correctness of the final account within the period allowed [26.12], the principal agent shall issue interim payment certificates to the contractor with a copy to the employer by the due date [CD] for the undisputed amount(s)
- 25.17 For the purposes of provisional sentence in relation to a payment certificate only, the parties consent to the jurisdiction of any court of law of the country [CD]

26.0 ADJUSTMENT OF THE CONTRACT VALUE AND FINAL ACCOUNT

- 26.1 The principal agent shall determine the value of adjustments to the contract value in cooperation with the contractor in the preparation of the final account. Where such adjustments require measurement on site, the contractor shall have the right to be present
- 26.2 Adjustments to the contract value resulting from a contract instruction [17.1] shall be determined as follows:
- 26.2.1 Work of a similar character executed under similar conditions shall be priced at the rates in the priced document
- 26.2.2 Work not of a similar character shall be priced at rates based on those in the priced document and adjusted to suit the changed circumstances
- 26.2.3 If the above methods do not apply, work shall be priced at rates based on the necessary use of labour, construction equipment and/or materials and goods for executing the work plus an allowance of ten per cent (10%) mark-up

- 26.2.4 Work omitted shall be valued at the rates in the **priced document**, but where the omission of such work alters the circumstances under which the remaining work is carried out, the value of the remaining work shall be determined by the above methods
- 26.3 Where work is identified as provisional in the **priced document** the **principal agent** shall omit such value from the **contract value** and add the value of work as executed to the **contract value**
- 26.4 Where the **contractor** has made payment for items not included in the **priced document** in accordance with a **contract instruction** with the approval of the **principal agent**, the actual amounts paid plus a ten per cent (10%) mark-up shall be added to the **contract value** limited to:
- 26.4.1 Charges by authorities [2.1]
 - 26.4.2 The cost of opening up and testing [17.1.6], where the work is according to this **agreement**
 - 26.4.3 The cost of insurances [10.0], where applicable [CD]
- 26.5 The **contractor** shall give **notice** to the **principal agent** within twenty (20) **working days** of becoming aware, or ought reasonably to have become aware of expense and/or loss for which provision was not required in the **contract sum** failing which such claim shall be forfeited
- 26.6 Following **notice** [26.5], the **contractor** shall submit a detailed and substantiated claim for the adjustment of the **contract value** to the **principal agent** within forty (40) **working days**, or such additional period as the **principal agent** may allow
- 26.7 The **principal agent** shall make a fair assessment of the claim [26.6] and adjust the **contract value** within twenty (20) **working days** of receipt of such details
- 26.8 Where the **principal agent** fails to act within such period [26.7] the claim shall be deemed to be refused. The **contractor** may give **notice** of a disagreement [30.1] where no assessment is received
- 26.9 The **principal agent** shall:
- 26.9.1 Omit prime cost amounts and budgetary allowances [17.1.13] from the **contract sum** and determine the actual value of such work to be added to the **contract value**
 - 26.9.2 Omit provisional sums [17.1.13] from the **contract sum** and determine the actual value of such subcontractors' work to be added to the **contract value**
 - 26.9.3 Prorate the **contractor**'s allowances for profit and attendance on provisional sums and prime cost amounts excluding any allowance for cost fluctuations
 - 26.9.4 Adjust the **preliminaries** amounts in accordance with the method selected [CD]
 - 26.9.5 Adjust the **contract value** to include contract price adjustments (cost fluctuations), if applicable [CD]
 - 26.9.6 Rectify discrepancies, errors in description or quantity or omission of items in this **agreement** other than in the JBCC® Principal Building Agreement [17.1.1]
- 26.10 The **principal agent** shall prepare and issue the **final account** to the **contractor** within sixty (60) **working days** of the date of practical completion
- 26.11 The **contractor** shall accept the **final account** within thirty (30) **working days** of receipt thereof or give **notice** of non-acceptance with reasons failing which the **final account** shall be deemed to be accepted
- 26.12 Should the reasons for non-acceptance of the **final account** [26.11] not be resolved within ten (10) **working days** of the **notice** of non-acceptance, or within such extended period as the **principal agent** may allow on request from the **contractor**, the **contractor** may give **notice** of a disagreement
- 26.13 The **principal agent** shall issue the **final payment certificate** to the **contractor** within seven (7) **calendar days** of acceptance of the **final account**

27.0 RECOVERY OF EXPENSE AND/OR LOSS

- 27.1 The **principal agent** shall issue a **recovery statement** with each **payment certificate** to the **parties** with explanatory documentation to support the calculation of amounts due to:

The employer resulting from:

- 27.1.1 Penalty [24.3]
- 27.1.2 Default interest [25.7.4]
- 27.1.3 Expense and/or loss [27.2]

The contractor resulting from:

- 27.1.4 Default interest [25.7.4]
- 27.1.5 Compensatory interest [25.7.5]
- 27.1.6 Damages
- 27.1.7 Expense or loss caused by a direct contractor [16.1.3]
- 27.1.8 Advance payments [9.2.10; 12.1.8]
- 27.1.9 Termination of a n/s subcontract agreement due to default of the employer, the principal agent and/or agents [14.7.1; 15.7.1]

27.2 The employer may recover expense and/or loss incurred or to be incurred resulting from:

- 27.2.1 Paying charges [2.1]
 - 27.2.2 Effecting insurances due to the contractor's default [10.0]
 - 27.2.3 Work executed by others due to the contractor's default [17.3]
 - 27.2.4 Recoupment of advance payments [9.2.10; 11.3]
 - 27.2.5 The contractor not paying amounts due to the employer [25.3.7]
 - 27.2.6 Termination of this agreement by the employer [29.1]
 - 27.2.7 Amounts paid directly to subcontractors on default by the contractor [14.5; 15.5]
 - 27.2.8 Termination of a n/s subcontract agreement (14.7.2; 15.7.2)
 - 27.2.9 Default by the contractor where not less than five (5) working days notice detailing such default has been given before the issue of the next recovery statement to allow the contractor the opportunity to remedy such default
 - 27.2.10 Adjustment of the n/s subcontract preliminaries due to the subcontractor as a result of a default by the contractor
- 27.3 Where an amount is due to either party and has not been paid, the other party may recover the amount from any of the following:
- 27.3.1 Subsequent payment certificates [25.0]
 - 27.3.2 A demand in terms of the security [11.0]
 - 27.3.3 The defaulting party as a debt
- 27.4 Where either party has been liquidated, or this agreement terminated, the other party may exercise rights in terms of the security [11.0]

SUSPENSION AND TERMINATION

28.0 SUSPENSION BY THE CONTRACTOR

- 28.1 The contractor may give ten (10) working days notice to the employer and the principal agent of the intention to suspend the works where the employer or the principal agent has failed to:
- 28.1.1 Provide and/or maintain a guarantee for payment, where required [11.5-6]
 - 28.1.2 Issue a payment certificate by the due date [25.2] [CD]
 - 28.1.3 Make payment in full of an amount certified in an interim payment certificate by the due date [25.10] [CD]
 - 28.1.4 Effect insurances [10.1.1-5; 10.2], where applicable [CD]
 - 28.1.5 Appoint another principal agent and/or another agent, where applicable [6.5] or where an agent has failed to act in terms of delegated authority [6.4]
- 28.2 Where the employer has not remedied a default in terms of a notice the contractor may suspend execution of the works until such default has been remedied without prejudice to any rights the contractor may have
- 28.3 Where the works is suspended the contractor shall instruct each subcontractor to suspend the n/s subcontract works forthwith
- 28.4 Where the works has been suspended by the contractor [23.2.13] the principal agent shall revise the date for practical completion on resumption of the works with an adjustment of the contract value

29.0 TERMINATION

Termination by the employer

- 29.1 The employer may give notice of intention to terminate this agreement where the contractor has failed to:
- 29.1.1 Provide and maintain a guarantee for construction [CD]
 - 29.1.2 Proceed with the works [12.2.7]
 - 29.1.3 Comply timeously with a contract instruction [17.0]
- 29.2 Where the employer contemplates terminating this agreement the employer or the principal agent on instruction from the employer shall give notice thereof to the contractor of a specified default [29.1.1-3], to be remedied within ten (10) working days of the date of receipt of such notice
- 29.3 Where the contractor has not remedied a specified default within such period [29.2] the employer may forthwith give notice to the contractor of termination of this agreement
- 29.4 The employer may employ others to safeguard the works, complete the outstanding work and rectify defects in that portion of the works executed by the contractor [27.2.3]. The contractor shall be liable to the employer for such costs that shall be included in the final account [26.10]
- 29.5 The employer may use materials and goods and temporary structures on the site for which payment shall be included in the final account
- 29.6 Should the contractor default on removing temporary structures or construction equipment from the site the employer, without being responsible for any loss or damage, may have such items belonging to the contractor removed or sold. Resulting costs and/or income shall be included in the final account
- 29.7 The employer, on notice to the contractor, may recover damages from the contractor from the date of termination including, but not limited to, additional costs incurred in the completion of the remaining work [25.3.7; 27.1.3]
- 29.8 The employer may apply the penalty [24.0] up to the date of termination where the initial or revised date for practical completion has passed

- 29.9 The employer has the right of recovery against the contractor, where applicable, [CD] from:
The guarantee for construction (variable) until the final payment has been made; or
The guarantee for construction (fixed) until the date of practical completion; or
The payment reduction until the final payment is made; or
The guarantee for advance payment until the outstanding balance has been repaid to the employer
- 29.10 The latent defects liability period for the completed portion of the works shall end [22.3.1] five (5) years from the date of termination
- 29.11 Where this agreement is terminated, the contractor shall forthwith give notice of termination of the n/s subcontract agreement to each subcontractor
- 29.12 Termination of the works shall not prejudice any rights the employer may have
- 29.13 The right to terminate may not be exercised where the employer is in material breach of this agreement

Termination by the contractor

- 29.14 The contractor may give notice of intention to terminate this agreement where:
 - 29.14.1 The employer has failed to provide and maintain a guarantee for payment, where applicable [CD]
 - 29.14.2 The employer has failed to give possession of the site to the contractor [12.1.5]
 - 29.14.3 The employer has failed to allow the principal agent and/or agents to exercise fair and reasonable judgement as contemplated by this agreement [6.6]
 - 29.14.4 The employer has failed to effect insurances, where applicable [CD]
 - 29.14.5 The employer has failed to pay the amount certified by the due date [25.10]
 - 29.14.6 The employer has failed to appoint another principal agent and/or agents, where applicable [6.5]
 - 29.14.7 The principal agent has failed to issue a payment certificate to the contractor by the due date [25.2]
- 29.15 Where the contractor contemplates terminating this agreement, the contractor shall give notice to the employer and/or the principal agent of a specified default [29.14.1-7], to be remedied within ten (10) working days of the date of receipt of such notice
- 29.16 Where a specified default has not been remedied within such period [29.15] the contractor may forthwith give notice to the employer and the principal agent of the termination of this agreement
- 29.17 Where this agreement is terminated by the contractor:
 - 29.17.1 The contractor shall forthwith give notice of termination of the n/s subcontract agreement to each subcontractor
 - 29.17.2 The contractor shall remove temporary structures, construction equipment and, on notice, surplus materials and goods from the site within ten (10) working days, or such period agreed by the principal agent
 - 29.17.3 The latent defects liability period shall end on the date of termination [22.3.2]
 - 29.17.4 The contractor may be entitled to recover damages [27.1.6]
 - 29.17.5 The guarantee for construction shall expire on the date of termination
 - 29.17.6 The guarantee for advance payment, where applicable [CD], shall expire on repayment of amounts due to the employer
 - 29.17.7 The guarantee for payment [11.5-6], where applicable [CD], shall expire on payment of the final payment certificate or on payment in full of the guaranteed sum or on the security expiry date, whichever is the earlier
- 29.18 Termination of the works shall not prejudice any rights the contractor may have
- 29.19 The right to terminate may not be exercised where the contractor is in material breach of this agreement

Termination by either party

- 29.20 Either party may give notice of intention to terminate this agreement where:
- 29.20.1 The works is for alterations and/or additions to (an) existing building(s), or a new building, which has been substantially destroyed regardless of the cause other than by the party seeking termination
- 29.20.2 Progress of the works has ceased for a continuous period of ninety (90) calendar days, or an intermittent period totalling one hundred and twenty (120) calendar days as a result of a force majeure event or the exercise of statutory power by a body of state or public or local authority that directly affects the execution of the works
- 29.21 The party contemplating termination of this agreement shall give ten (10) working days notice to the other party. Where this agreement is terminated by either party:
- 29.21.1 The contractor shall forthwith give notice of termination of the n/s subcontract agreement to each subcontractor
- 29.21.2 The party responsible for insurance [CD] shall inform the insurer and the other party of the date of termination of the agreement
- 29.21.3 The guarantee for payment, where applicable [CD], shall expire on payment of the final payment certificate or on payment in full of the guaranteed sum or on the security expiry date, whichever is the earlier
- 29.21.4 The guarantee for construction shall expire on the date of termination
- 29.21.5 The guarantee for advance payment [11.2.2; 11.3], where applicable [CD], shall expire on repayment of amounts due to the employer
- 29.22 Neither party shall be liable to the other party for expense and/or loss resulting from the termination
- 29.23 The latent defects liability period for the works shall end on the date of termination [22.3.2]

Termination procedure by the employer, the contractor or by the parties

- 29.24 On termination of this agreement the contractor shall:
- 29.24.1 Cease work and ensure that the works is safe in terms of the law
- 29.24.2 Remain responsible for the works [8.1] until possession is relinquished to the employer
- 29.24.3 Remove temporary structures, construction equipment and, on notice from the principal agent, surplus materials and goods from the site within ten (10) working days, or such period agreed by the principal agent
- 29.25 On termination of this agreement the principal agent shall:
- 29.25.1 Prepare and hand over to the employer all compliance certificates, as built drawings and product warranties in conjunction with agents, the contractor and subcontractors
- 29.25.2 In consultation with the contractor where possible, compile and issue to the parties a status report recording completed and incomplete work on the date of termination of the works within twenty (20) working days of such date
- 29.25.3 Continue to certify the value of the work executed and materials and goods for payment by the employer or the contractor until the issue of the final payment certificate [25.15]
- 29.25.4 Prepare and issue the final account to the contractor within sixty (60) working days of the date of termination including the cost of materials and goods and those ordered before termination that the contractor is bound to accept and make payment for
- 29.26 Termination shall take effect after completion of the procedure [29.24.1]
- 29.27 The employer shall arrange appropriate insurances to suit the stage of completion of the works
- 29.28 This clause shall, to the extent necessary to fulfil its purpose, exist independently of this agreement

DISPUTE RESOLUTION

30.0 DISPUTE RESOLUTION

Settlement by the parties

- 30.1 Should any disagreement arise between the employer (or the principal agent or an agent) and the contractor arising out of or concerning the action or inaction of the employer (or the principal agent or an agent) or the contractor, or any other matter concerning this agreement (including the validity thereof), either party may give notice of a disagreement to the other. The parties shall attempt to resolve such disagreement between them and record such resolution in writing signed by them
- 30.2 Where the disagreement is not resolved within ten (10) working days of receipt of the notice of disagreement, the disagreement shall be deemed to be a dispute
- 30.3 The dispute shall be referred to adjudication within ten (10) working days of the expiry of the period [30.2] by means of a notice of adjudication by the party (the referring party) which gave the notice of disagreement
- 30.4 The notice of adjudication shall clearly define the scope of the dispute and the relief sought by adjudication
- 30.5 Failure to comply with the procedure described [30.3-4] shall cause the dispute to be resolved by arbitration and not by adjudication

Adjudication

- 30.6 Where a dispute is referred to adjudication:
 - 30.6.1 The adjudicator shall be nominated by the nominating body [CD] and shall be deemed to have been appointed by the parties
 - 30.6.2 The applicable rules shall be stated [CD] or shall be by agreement between the parties and the adjudicator, failing which the rules shall be determined by the adjudicator. Neither party shall be entitled to legal representation, unless otherwise agreed in writing by the parties
 - 30.6.3 A determination given by the adjudicator shall be immediately binding upon and implemented by the parties notwithstanding that either party may give notice to refer the dispute to arbitration
 - 30.6.4 Where the adjudicator has given a determination, either party may give notice of dissatisfaction to the other party and to the adjudicator within ten (10) working days of receipt of the determination, or an extended time period provided in the applicable rules for adjudication whereafter such dispute shall be referred to arbitration
 - 30.6.5 Where the adjudicator has not given a determination within the time period allowed or extended time period provided in the applicable rules for adjudication either party may give notice to the other party and to the adjudicator that if such determination is not received within ten (10) working days of receipt of this notice his appointment is thereupon automatically terminated and such dispute shall be referred to further adjudication or arbitration, at the option of the referring party
 - 30.6.6 The adjudicator shall not be eligible for subsequent appointment as the arbitrator

Arbitration

- 30.7 Where the dispute is referred to arbitration:
 - 30.7.1 Arbitration shall not be construed as a review or appeal of an adjudicator's determination. Any determination by the adjudicator shall remain in force and continue to be implemented unless and until overturned by an arbitration award
 - 30.7.2 The resolution of the dispute shall commence anew
 - 30.7.3 The referring party in the adjudication shall be the claimant in the arbitration
 - 30.7.4 The arbitrator shall be nominated by the nominating body [CD] and shall be deemed to have been appointed by the parties

- 30.7.5 The applicable rules shall be stated [CD] or shall be by agreement between the parties and the arbitrator, failing which the rules shall be determined by the arbitrator
- 30.7.6 The arbitrator shall have the authority to finally determine the dispute including the authority to make, open up and revise any certificates, opinion, decision, determination, requisition or notice relating to the dispute as if no such certificate, opinion, decision, determination, requisition or notice had been issued or given
- 30.7.7 The arbitrator's award shall be final and binding on the parties

Mediation

- 30.8 Notwithstanding the provisions relating to adjudication and arbitration the parties may, by agreement and at any time, refer a dispute to mediation, in which event:
 - 30.8.1 The provisions relating to adjudication and/or arbitration shall be deemed to be suspended from the time of such agreement until notice by either party that they be resumed
 - 30.8.2 The appointment of a mediator, the procedure, and the status of the outcome shall be agreed between the parties
 - 30.8.3 Regardless of the outcome of a mediation the parties shall bear their own costs concerning the mediation and equally share the costs of the mediator and related expenses

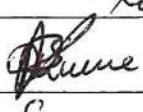
General

- 30.9 The employer consents to the joining of any subcontractor with the contractor as a party to any proceedings
- 30.10 Where the parties fail to specify a body to nominate the adjudicator [30.6.1] or the arbitrator [30.7.4] the referring party shall have the right to choose a local recognised body to suggest one or more persons with appropriate skills to be appointed as an adjudicator or an arbitrator. Such nomination shall be binding on the parties
- 30.11 The parties shall continue to perform their obligations in terms of this agreement, notwithstanding any disagreement or dispute that exists between them
- 30.12 This clause shall, to the extent necessary to fulfil its purpose, exist independently of this agreement

AGREEMENT

The **agreement** comprises the entire contract between the **parties**. No representations, terms, conditions or warranties not contained in this **agreement** shall be binding on the **parties**. No agreement or addendum varying, adding to, deleting or terminating this **agreement** including this clause shall be effective unless reduced to writing and signed by the duly authorised representatives of the **parties**

The contracting parties

The parties	Employer	Contractor
Business name	TOURISM KWAZULU-NATAL	TEFLA GROUP
Business type	PROVINCIAL GOVERNMENT	PRIVATE COMPANY
Business registration		2020/449283/07
Tax number (VAT/GST)	4480188640	4070255718
Contact person	ABIE LOENTZEL	DOWELANI MUSHARINI
Telephone		011 374 2132
Mobile number	084 986 1965	
E-mail	abie@zulu.org.za	sales@tefla.co.za
Address: Building name	TIHALA TRADE CENTRE 2 ND AND 3 RD FLOOR	
Address: Street	29 CANAL QUAY ROAD	BERKSHIRE DALES
Address: Suburb	POINT WATERFRONT	NEW GERMANY
Address: City	DURBAN	DURBAN
Address: P O Box	2516	6
Address: Post Office		3610
Address: Province	KWAZULU-NATAL	KZN
Address: Country	SOUTH AFRICA	RSA
Project name	CONSTRUCTION OF ACCESS ROAD PARKING NEW GATEHOUSE, STORMWATER INFRASTRUCTURE AND LANDSCAPING	
Project location	KWAZULU-NATAL	
Currency	RANDS	
Accepted contract sum including tax	R9 919 179.47	
Accepted contract sum including tax in words	NINE MILLION NINE HUNDRED AND NINETEEN THOUSAND ONE HUNDRED SEVENTY-NINE AND FORTY-SEVEN CENTS	
Signed – who by signature hereto warrants authority		
Name of signatory		DOWELANI MUTSARINI
Signed: Date	22/01/2023	28/09/2023
Signed: Location		KEMPTON PARK
Signed: Witness		
Name of witness		SANDILE KUNENE