

Four ways to ensure a successful construction contract

There are four ways to ensure the satisfactory outcome of any construction contract, according to Ian Massey, director at MDA Consulting.



© Franck Boston – 123RF.com

Massey says these include the need to communicate, plan, give notice and keep good records. It sounds simple enough, but Massey explains that communication starts with a competent contract document including the specification for the work.

Planning is often taken for granted, but Massey explains that usually when a contract gets into trouble, the litmus test is if the planning has been done properly.

Notices are important in situations when events and circumstances increase the cost or the time frame of doing the work. In such cases, the contractor has to provide notices to enable the employer and professionals to mitigate the effects of the events that are causing the problem. Issues that arise are varied but can include scope creep or community unrest and strikes.

Keep records

Finally, the contractor must keep records of these events to substantiate and prove his entitlement to more time and more money.

Massey says that what parties often overlook is that the management of any construction contract is the management of risk. “It is not unusual to find that issues which were not even considered at the outset of the project as a potential risk suddenly become the most frequently encountered event. The apportionment of the risk between the parties to a contract (the employer and the contractor) is set out in the form of contract used to regulate the relationship between employer and contractor. Placing too much risk on a contractor is unwise and will inevitably lead to conflict,” he says.

Over the past two decades, South Africa’s standard forms of contract have been undergoing change. The form of contract used for the project will determine how each of these four key activities is required to be carried out.

Important milestone

The third edition of the *General Conditions of Contract for Construction Works* (GCC 2015) was published by the South African Institution of Civil Engineers late last year. “This is an important milestone in the development of construction contracts which are tailored to the local market yet aligned with international standards and practices. These contracts now reflect common South African issues. Barriers such as retentions and performance securities have been moderated to ensure that emerging contractors can participate, depending on their Construction Industry Development Board grading,” Massey says.

The new contract GCC 2015 has also taken on board certain of the anticipated requirements of the proposed amendments to the CIDB Act, such as the facility to suspend the work in the event of non payment.

MDA Consulting is presenting a GCC 2010 master class in Johannesburg on 2 and 3 March and in Durban on 9 and 10 March. The master class will include a presentation and discussion on the rationale behind the changes in GCC 2015 compared to the previous iteration published in 2010.

For more, visit: <https://www.bizcommunity.com>