



CLAIMS CLASS

MODULE 7

Financial Matters

VIDEO 2

The Contract Price, Payments, Certification, Delayed Payments

Clause 14 – Contract Price and Payment

14.1 The Contract Price (Red Book)

- The Contract Price shall be agreed or determined by measurement and evaluation at the Contract rates and prices
- The Contract Price shall be subject to adjustments in accordance with the Contract
- The Contractor shall pay all taxes, duties and fees
- Any quantities which may be set out in the Bill of Quantities or other Schedule are estimated quantities
- The Contractor shall submit a breakdown of each lump sum price, within 28 days after commencement

Clause 14 – Contract Price and Payment

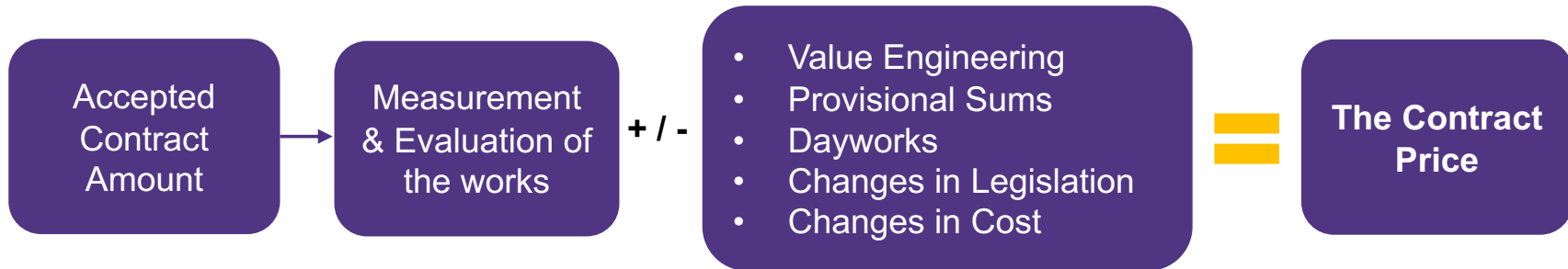
14.1 The Contract Price (Yellow Book)

- The Contract Price shall be the lump sum Accepted Contract Amount
- The Contract Price shall be subject to adjustments in accordance with the Contract
- The Contractor shall pay all taxes, duties and fees
- Any quantities which may be set out in a Schedule are estimated quantities
- Quantities or prices set out in any Schedule may only be used for the purposes stated in the Schedule

Clause 14 – Contract Price and Payment

Calculation of the Contract Price

Red Book:



Yellow Book:



Clause 14 – Contract Price and Payment

14.2 Advance Payment

- The Employer shall make an advance payment as detailed in the Appendix to Tender
- Payment may be withheld until the Contractor submits an advance payment guarantee
- The Engineer shall issue an Interim Payment Certificate for the first instalment after:
 - Receiving a Statement
 - The Employer receives the Performance Security
 - The Employer receives the advance payment guarantee

Clause 14 – Contract Price and Payment

14.2 Advance Payment

- The advance payment guarantee may be reduced to take the recovery of the advance into account
- The advance payment guarantee must be kept valid until the advance is fully repaid
- The advance payment shall be repaid through percentage deductions made from interim payments and shown in the in Payment Certificates

Clause 14 – Contract Price and Payment

14.3 Application for Interim Payment Certificates

- The Contractor shall submit a Statement after the end of each month, showing the amounts to which he considers himself to be entitled
- The Statement shall be accompanied with a progress report
- The Statement shall include:
 - The estimated value of work and Contractor's Documents completed including Variations
 - Amounts to be added and deducted for changes in legislation and changes in cost
 - A deduction for retention at the percentage stated in the Appendix to Tender

Clause 14 – Contract Price and Payment

14.3 Application for Interim Payment Certificates

- Amounts to be deducted for repayment of the advance payment
- Amounts to be added and deducted for Plant and Materials intended for the Works
- Amounts due for claims
- The deduction of amounts previously certified

Clause 14 – Contract Price and Payment

14.4 Schedule of Payments

- The Contract may include a schedule of payments by instalments
- Instalment values shall be calculated on the estimated value of Works completed
- Payment for Plant and Materials intended for the Works shall not apply
- If actual progress is found to be less than that which the payment schedule is calculated, the Engineer may adjust the instalments

Clause 14 – Contract Price and Payment

14.5 Plant and Materials intended for the Works

- Application of this clause is dependent on any Plant and Materials for which payment is intended being listed in the Appendix to Tender
- Interim Payment Certificates shall include an amount for Plant and Materials on Site
- Payment may only be made if the Contractor has:
 - Kept satisfactory records
 - Submitted Costs of the Plant and Materials
 - Plant and Materials are properly stored protected against loss, damage or deterioration
- Payment may also be made for materials in transit subject to documentary evidence, insurance and guarantees

Clause 14 – Contract Price and Payment

14.6 Issue of Interim Payment Certificates

- The Engineer shall issue Interim Payment Certificates within 28 days after receiving the statements
- Interim Payment Certificate shall state the amount which the Engineer fairly determines to be due, with supporting particulars
- In the case that the certified amount would be less than the minimum amount of Interim Payment Certificates stated in the Appendix to Tender, a certificate is not required and the Engineer shall give notice to the Contractor
- An Interim Payment Certificate shall not be withheld

Clause 14 – Contract Price and Payment

14.6 Issue of Interim Payment Certificates

- If work completed or other obligations are not in accordance with the Contract, the cost of rectification may be withheld
- The Engineer may make any correction or modification to any previous Payment Certificates

Clause 14 – Contract Price and Payment

14.7 Payment

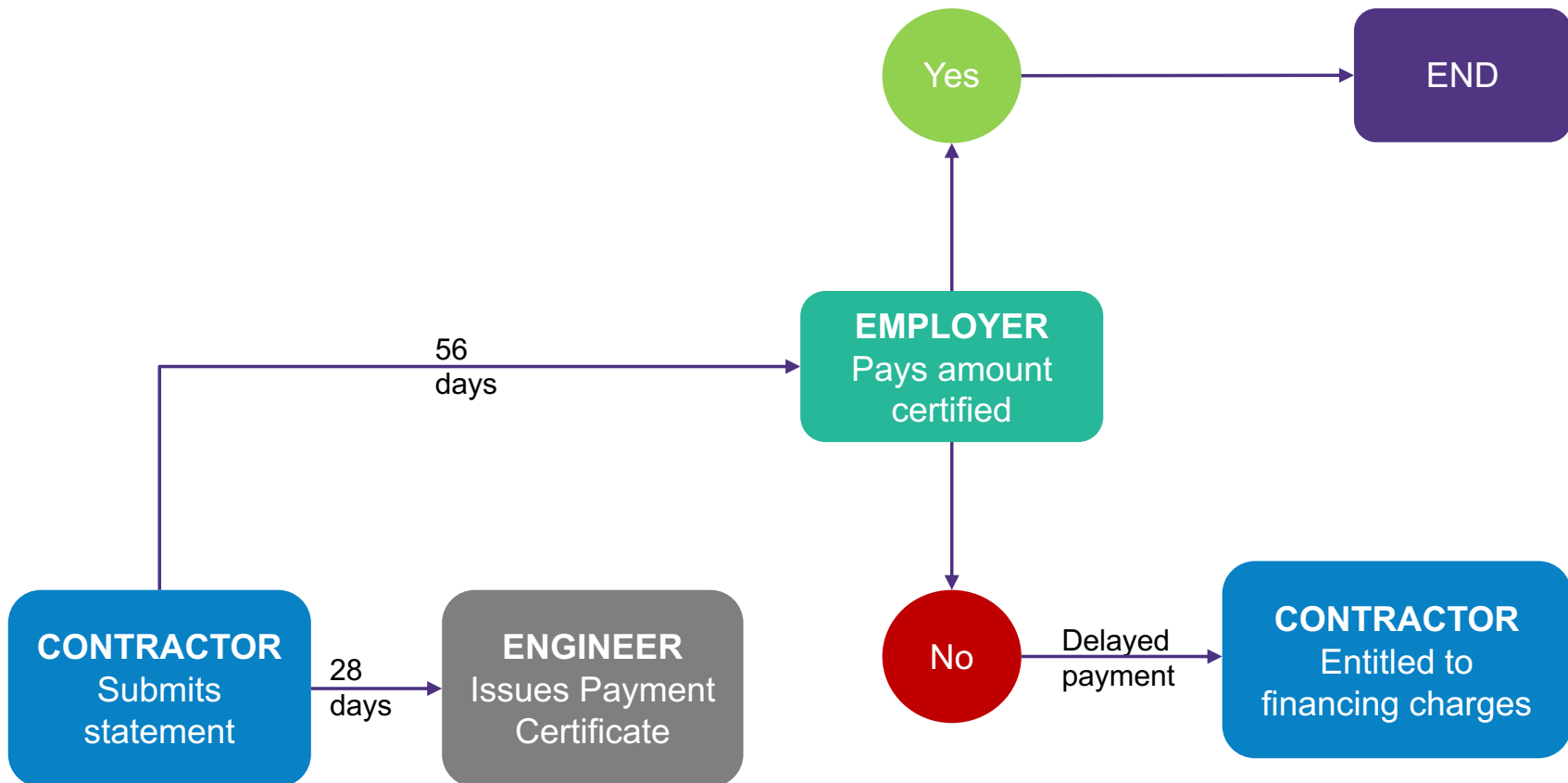
- The Employer shall:
 - Pay the first instalment of the advance payment within 21 days of receiving the Performance Security and advance payment guarantee
 - Pay the amount certified in each interim Payment Certificate or the Final Payment Certificate within 56 days after the Engineer receives the Statement

Clause 14 – Contract Price and Payment

14.8 Delayed Payment

- If the Contractor does not receive payment in accordance with Sub-Clause 14.7 (*Payment*), the Contractor shall be entitled to receive financing charges

Clause 14 – Contract Price and Payment Certification and Payment Process



Clause 14 – Contract Price and Payment

14.9 Payment of Retention of Money

- The first half of the Retention Money shall be certified when the Taking-Over Certificate has been issued
- The outstanding balance of the Retention Money shall be certified after the expiry of the Defects Notification Period(s)
- Proportional repayments shall be made for Sections or parts of the Works taken over

Clause 14 – Contract Price and Payment

14.10 Statement at Completion

- The Contractor shall submit a Statement at Completion within 84 days after receiving the Taking-Over Certificate including:
 - The value of all work done
 - Any further sums which the Contractor considers to be due
 - An estimate of any other amounts which the Contractor considers will become due to him under the Contract
- The Engineer shall certify the amount due within 28 days after receiving the Statement

Clause 14 – Contract Price and Payment

14.11 Application for Final Payment Certificate

- The Contractor shall:
 - Submit a draft Final Statement within 84 days after receiving the Performance Certificate
 - Submit such further information as the Engineer may reasonably require
 - Prepare and submit the final statement as agreed with the Engineer
- In the case of a dispute, the Engineer shall certify the agreed parts

Clause 14 – Contract Price and Payment

14.12 Discharge

- The Contractor shall submit a written discharge when submitting the Final Statement
- The discharge shall state that the Final Statement represents all monies due
- The discharge shall not become effective until the Contractor receives the Performance Security

Clause 14 – Contract Price and Payment

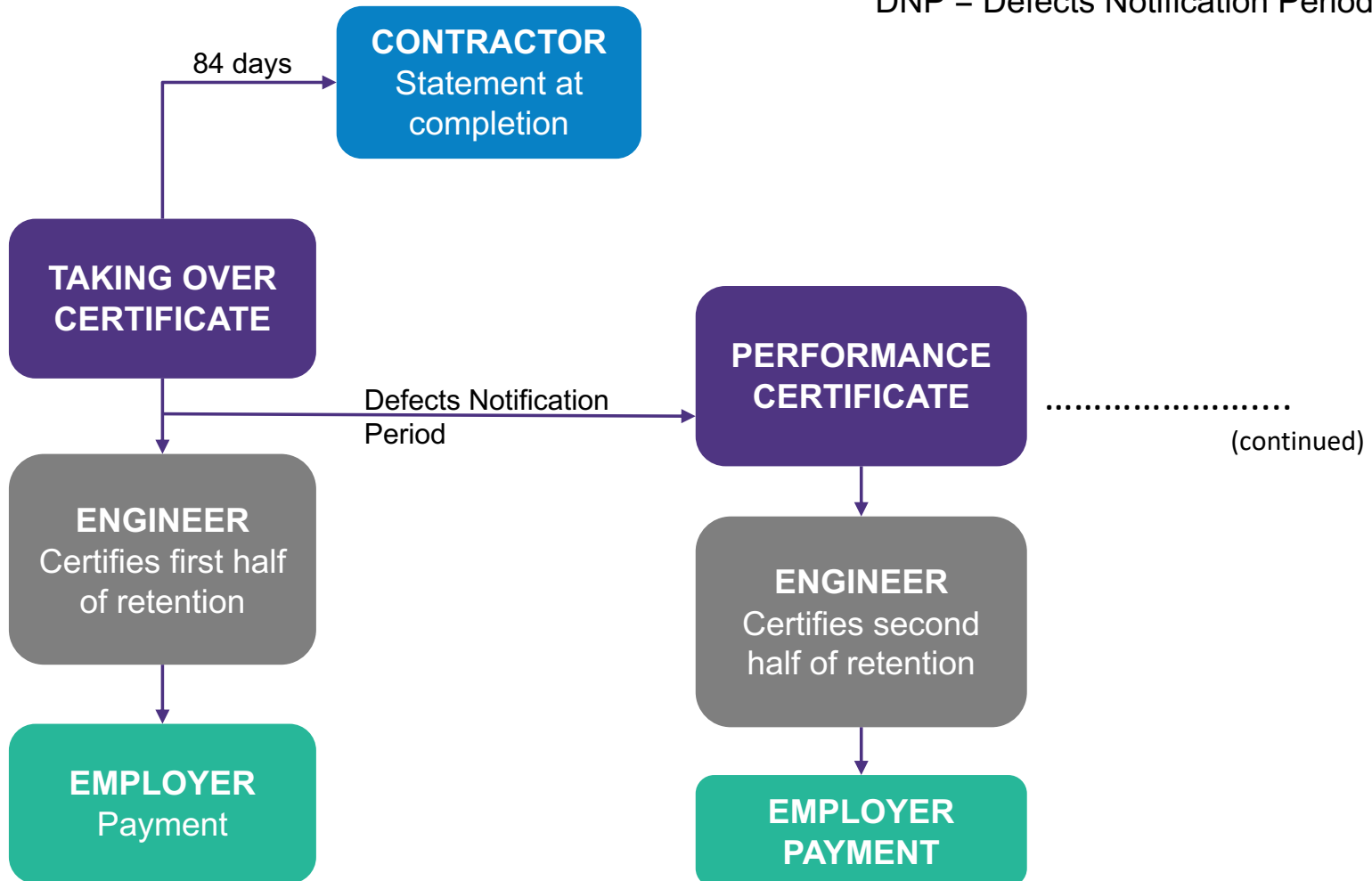
14.13 Issue of Final Payment Certificate

- The Engineer shall:
 - Issue the Final Payment Certificate within 28 days after receiving the Final Statement and written discharge
 - In the case that the Contractor has not applied for a Final Payment Certificate, request the Contractor to do so
 - In the case that the Contractor fails to submit an application within a period of 28 days, issue the Final Payment Certificate for such amount as the Engineer fairly determines to be due

Clause 14 – Contract Price and Payment

Final Payment Process (1)

DNP = Defects Notification Period



Clause 14 – Contract Price and Payment

Final Payment Process (2)

