



NEW ZEALAND INSTITUTE OF QUANTITY SURVEYORS
(INC)

CONDITIONS OF ENGAGEMENT
PROJECT MANAGEMENT SERVICES

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1.0 Professional Responsibilities

- 1.1 The Project Manager as the Client's agent shall be the sole representative of the Client within the agreed scope of responsibilities. The Project Manager shall direct, co-ordinate and monitor the project with respect to all professional, technical, administrative, accounting, procurement and supervisory services and activities for the duration of the project.
- 1.2 The Project Manager shall provide the services necessary to assume responsibility for the phases of the project, as later defined, including:
 - a the preparation and agreement of performance objectives for the project,
 - b the achievement of those objectives, and
 - c the supervision of the work to the extent necessary to achieve the objectives.

2.0 Obligations Of The Client

- 2.1 Prior to the commencement of the services by the Project Manager the Client shall appoint a competent representative who has the authority to act for the Client in a decision-making capacity. The Client shall notify the Project Manager of any change of representative.
- 2.2 The Client shall confirm the role of the Project Manager which shall be determined by the conditions herein.
- 2.3 The Client shall give or arrange to be given to the Project Manager instructions adequate to define the Client's requirements including programme and budget.
- 2.4 The Client is responsible for the accuracy and completeness of all particulars of information provided by him/her or obtained on his/her behalf from others.
- 2.5 The Client shall authorize the Project Manager to act as the Client's agent to direct, co-ordinate, liaise and monitor all aspects of the project as necessary to carry out his/her role as Project Manager.
- 2.6 The Client shall assess submissions, reports and recommendations from the Project Manager throughout the stages of the project and endeavour to reply in a reasonable period of time so as not to cause delays to the programme.

The Client shall be responsible for the effect of any delays to the programme and costs that may be caused by delays in giving directives, information and contracting commitments by the Client.

- 2.7 The Client shall liaise with the Project Manager to establish a satisfactory method of communicating information between each party including agreed regular reports, and to determine the information submitted in these reports.
- 2.8 The Client shall enter into all agreements and contracts with consultants, builders, special suppliers and others as necessary through the stages of the project.

3.0 Payment for Services

- 3.1 The basic principle adopted in the document is that payment should be made to the Project Manager at the time a service is provided and at the rates applicable at that time.
- 3.2 The Project Manager's fees shall be determined at rates which are not less than those current at the date of his/her engagement. When engagements are delayed or protracted, the fees shall be adjusted to the scale current at the time of carrying out the various parts of the services. The basis of payment should be agreed in writing between the Project Manager and the Client at the time of engagement.
- 3.3 The methods for assessing and determining fees for services may be any one or combination of the following:
 - a. Fee as a percentage of the cost of works;
 - b. Fee on a time basis;
 - c. Fee as an agreed lump sum.
- 3.4 The Project Manager shall be paid for disbursements, travelling expenses and other costs applicable to the work. The Project Manager shall define which disbursements are reimbursable at the same time as determination of the fees for service.

4.0 Scope of Project Management Services

Project management services may include one or all of the following as agreed:

4.1 Planning

- a Establishing activities schedule;
- b Providing for Client participation;
- c Arranging meetings and taking executive action;
- d Carrying out value analysis;
- e Assisting with Government dealing and public relations.

4.2 Studies

- a Site Selection;
- b Marketing surveys and feasibility studies;
- c Conducting needs function and strategy planning;
- d Preparing reports on progress, finance and technical matters;
- e Evaluation of the function of completed facilities.

4.3 Financial

- a Conducting cost planning;
- b Assessing financing arrangements;
- c Keeping project cost accounts;
- d Certifying payment for project services to consultants, contractors, sub-contractors and suppliers;
- e Facilitating the settlement of disputes between parties;
- f Arranging tenders for total project or work sections;
- g Monitoring construction progress to enable achievement of performance objectives.

4.4 Design

- a Preparing briefs;
- b Recommending and engaging consultants;
- c Conducting engineering and services analysis;
- d Ensuring compliance with authority requirements;
- e Arranging material testing;
- f Arranging operation and maintenance manuals;
- g Assisting in quality control of materials.

4.5 Construction

- a Conducting construction planning;
- b Assessing construction techniques;
- c Managing and conducting construction activities;
- d Managing and administering all contracts and subcontracts;
- e Arranging quality control inspections and reports;
- f Arranging as-constructed plans.

5.0 Settlement Of Disputes

In the event of any dispute arising between the Project Manager and the Client, including any question concerning fees, the matter shall first be referred to the President of the New Zealand Institute of Quantity Surveyors, or his/her nominee. In the event of the parties, or any of them, failing to accept the ruling of the President, or nominee, the matter in dispute shall be referred to an arbitrator to be appointed by the parties in accordance with the provisions of the Arbitration Act 1996 or any amendment or modification thereof for the time being in force.

6.0 Postponement Of Services And Termination Of Engagement

- 6.1 The Client may by written notice to the Project Manager at any time give prior notice of his/her intention to abandon the services, in whole or in part, or terminate the Project Manager's engagement. The effective date of termination of the engagement shall not be less than thirty days after receipt of such notice, or such other period as may be agreed between the parties. Upon receipt of such notice the Project Manager shall take immediate steps to bring the services to a close and to reduce expenditure to a minimum.
- 6.2 The Project Manager shall promptly notify the Client, in writing, of any situation or event arising from circumstances beyond his/her control and which he/she could not reasonably foresee which makes it impossible for the Project Manager to carry out in whole or in part the obligations under the engagement. Upon the occurrence of such a situation or event the services shall be deemed to be postponed for a period of time equal to that caused by the situation or event plus a reasonable period not exceeding one month to remobilise for the continuation of the services.