

BOARD NOTICE 67 OF 2004**The South African Council for the Project and Construction
Management Professions****Recommended Scope of Services and Tariff of Fees
for Persons Registered in terms of the
Project and Construction Management Professions Act, 2000,
(Act No. 48 of 2000)**

The South African Council for the Project and Construction Management Professions has, under Section 34(2) of the Project and Construction Management Profession Act, 2000 (Act No. 48 of 2000) determined the guideline scope of services and tariff of fees in the Schedule.

Written comments and inputs are invited from Voluntary Associations and interested parties, which must be submitted to:

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THE COMMENTS SHOULD BE SUBMITTED BEFORE OR ON 30 JULY 2004

SCHEDULE

Guideline Scope of Services and Tariff of Fees for Registered Persons

Any amount mentioned in or fee calculated in terms of this Schedule is exclusive of Value Added Tax.

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Words or expressions in **bold font** are defined in Clause 1.

GENERAL PROVISIONS

1. DEFINITIONS

Where the words and phrases are highlighted in the text of this Tariff of Fees they shall bear the meaning assigned to them in clause 1 and where such words and phrases are not highlighted they shall bear the meaning consistent with the context:

- (i) **"client"**, means any juristic person or organ of the State engaging a **construction project manager** for **services** on a **project**;
- (ii) **"construction project manager"**, means any person registered in terms of Section 18 of **the Act**, or a legal person who employs such registered person, engaged by a **client** on a **project**;
- (iii) **"construction project management"** means the management on behalf of a **client** of the entire process necessary for the procurement of the design and the construction of a project from briefing through to commissioning and occupation, taking into account the **client's** requirements in respect of aesthetics, quality, cost, time, etc.
- (iv) **"contractor"** means any person or legal person under contract to a **client** to perform the **works** or part of it on a **project**, including a subcontractor under contract to such **contractor**;
- (v) **"cost of the works"** means the total amount, exclusive of value added tax, certified or which would be certified for payment to **contractors** (irrespective of who actually carries out the works) in respect of the **works** in respect of which the **construction project manager** is performing a **construction project management** service, before deduction of liquidated damages or penalties;
- (vi) **"normal services"** means the **services** set out in clause 3;
- (vi) **"project"** means any total scheme envisaged by a **client**, including all the **works** and **services** concerned;
- (vii) **"services"** means the services contemplated in clauses 3 and 4 on a **project** for which a **construction project manager** is engaged;
- (viii) **"stage"** means a stage of **normal services** set out in clause 3;
- (ix) **"the Act"** means the Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000);
- (x) **"total annual cost of employment"** means the total annual cost of employment as defined in clause 10(4);
- (xi) **"works"** means the activities on a **project** for which **contractors** are under contract to the **client** to perform or is intended to be performed, including the supply of goods and equipment;

2. SHORT TITLE

This Schedule is called the Guideline Scope of Services and Tariff of Fees for Registered Construction Project Managers, 2003.

GUIDELINE SCOPE OF SERVICES

3. NORMAL SERVICES

PROJECT STAGES

Project stage	Description
1	Project Initiation and briefing
2	Concept and viability
3	Design development
4	Tender documentation and procurement
5	Construction and contract administration
6	Contract Close out

Notes:

Refer to flowchart for typical project roll out process

Project stages or activities within stages may be overlapped in time, subject to approval by the client

	STAGE					
	1	2	3	4	5	6
Integration Management						
Consult with the client to establish the project scope, objectives, priorities, constraints, assumptions and strategies:	✓					
Review with client and update as necessary		✓	✓	✓	✓	
Manage the integration of the design, time programme and cost budget for the works, to form the basis of planning documents to be approved by the client:	✓	✓	✓			
Manage the execution of the project in accordance with the approved planning documents.		✓	✓	✓	✓	
Manage the control of all interrelated changes to the approved planning documents.		✓	✓	✓	✓	
Scope Management						

	STAGE					
	1	2	3	4	5	6
Break down the scope of the project into a manageable work breakdown structure encompassing professional services and construction:	✓	✓	✓	✓	✓	
Monitor the preparation of the design of the works through the duration of the project.		✓	✓	✓	✓	✓
Manage the acceptance by the client of the design.		✓	✓	✓	✓	✓
Manage the acceptance by the client of the construction of the works.					✓	✓
Establish and monitor the processes of controlling changes to the scope of the project, relevant to the stage	✓	✓	✓	✓	✓	
Time Management						
Develop a master time programme integrating the interdependencies of planning, design and construction:	✓	✓				
Review and update as necessary			✓	✓	✓	
Control changes to the master time programme to reflect actual project status.	✓	✓	✓	✓	✓	
Monitor that subordinate detailed time programmes are produced and maintained in conformity with the master time programme by the other project participants.		✓	✓	✓	✓	
Cost Management						
Establish responsibilities for information flow between the design team and the quantity surveyor.	✓	✓				
Monitor the preparation by the quantity surveyor of cost estimates and the cost budget for the project:	✓	✓	✓			
Establish a format for the cost budget in consultation with the quantity surveyor that meets the client's reporting requirements.	✓	✓	✓			
Establish and monitor the processes of controlling changes to the cost budget.		✓	✓	✓	✓	✓
Quality Management						
Establish the organisation structure and responsibilities for quality management in the provision of professional services.	✓	✓				
Establish the organisation structure and responsibilities for quality management in the construction of the works.				✓		
Monitor that all project participants meet their quality management obligations.	✓	✓	✓	✓	✓	✓

	STAGE					
	1	2	3	4	5	6
Human Resource Management						
Establish the roles, responsibilities and reporting relationships between the various participating organisations for the project.	✓	✓	✓	✓	✓	
Monitor that suitable key people are assigned by participating organisations to establish an adequate project team.	✓	✓	✓	✓	✓	✓
Promote the development of project team spirit to enhance project performance.	✓	✓	✓	✓	✓	✓
Communications Management						
Establish the communications structure and responsibilities for the project.	✓	✓	✓	✓	✓	✓
Monitor the information distribution and record keeping.	✓	✓	✓	✓	✓	✓
Collate information and prepare reports for submission to the client.	✓	✓	✓	✓	✓	✓
Manage the closing out of the project and submission to the client of required records.						✓
Risk Management						
Establish responsibilities for arranging project insurance and monitoring the timeous provision of proof of insurance:	✓	✓	✓	✓	✓	✓
Procurement Management						
Establish the procurement strategy and choice of contract systems for the project in consultation with the client:	✓	✓	✓			
Establish the client's requirements regarding potential consultants and methods of obtaining quotations, offers and tenders.	✓	✓				
Establish the client's requirements regarding potential contractors and methods of obtaining quotations, offers and tenders.			✓	✓		
Manage the processes of preparing proposal calls and tender documents, and calling for proposals and for tenders, in accordance with agreed procedures.	✓	✓	✓	✓		
Manage the evaluation of proposals and tenders, and facilitate their awards.	✓	✓	✓	✓	✓	
Appoint consultants and contractors on behalf of the client subject to prior written authorisation by the client	✓	✓	✓	✓	✓	
Act as agent of the client in the administration of contracts between the client and the consultants and/or contractors, in terms of such contracts	✓	✓	✓	✓	✓	✓

4. ADDITIONAL SERVICES

The following **services** are additional to the **normal services** provided by the **construction project manager**, and shall be performed by agreement between the **construction project manager** and the **client**. The agreement on scope of **services** and remuneration shall be in writing and should, if at all possible, be concluded before such services are rendered.

Additional services pertaining to all stages of the project

- 4.1 Appointment as agent in accordance with Regulation 4.(5) of the Construction Regulations 2003 under the Occupational Health and Safety Act, 1993 (Act 85 of 1993) to specifically ensure compliance with the Regulations on construction sites under its control.
- 4.2 Procuring of land and finance.
- 4.3 Procuring of tenants, tenant co-ordination and tenant installations.
- 4.4 Drafting of appointment contracts for other members of the professional team.
- 4.5 Project management services in relation to direct **contractors** engaged by the **client**, such as those engaged for furniture, fittings and equipment.
- 4.6 Mediation, arbitration and litigation proceedings and similar services. Such services will commence upon the notification of a dispute or the initiation of such proceedings.
- 4.7 All work arising out of failure of any consultant, contractor, supplier or other external party to perform its obligations.
- 4.8 Services required in respect of damage to or destruction of the **works**, insurance matters, postponement or cancellation of agreements.
- 4.9 Additional services resulting from changes by the **client** to previously issued instructions.
- 4.10 Construction management of various **contractors** engaged by the **client** in the event that more than one **contractor** is appointed.
- 4.11 Calculation and certification of professional fees applicable to other consultants engaged by the **client** for the **project**.
- 4.12 Any other services not specifically incorporated in this **Guideline Scope of Services and Tariff of Fees for Registered Persons**.

5. COMMISSIONS TERMINATED

- 5.1 Should a commission be terminated the fee for the **services** completed shall be calculated in accordance with the **Tariff of Fees** and the fee for services partially completed shall be determined *pro rata* to the complete **service**.
- 5.2 Should a commission be terminated by the **client** after the commencement of the commission then, in addition to the fee calculated in accordance with 5.1, a surcharge of 10 percent shall be payable on the difference between the full fee calculated in accordance with the **Tariff of Fees** for the **services** commissioned and the fee calculated in accordance with 5.1.
- 5.3 For purposes of 5.1 and 5.2, a commission shall be deemed to be terminated where the services are deferred or suspended for a period of more than 90 calendar days in the aggregate, unless otherwise agreed in writing by the parties.

6. APPLICATION OF TARIFF OF FEES

6. (1) The guideline tariff of fees contained in this Schedule applies in respect of the **services** set out in clause 3.
- (2) The **client** should remunerate the **construction project manager**, for the **services** rendered, on the basis of clauses 6 to 9. In cases where the **client** and **construction project manager** have agreed that clauses 6 to 9 are not applicable, payment should be on the basis of clause 10 or as agreed according to clause 6(4).
- (3) The **client** shall reimburse the **construction project manager** for all expenses and costs incurred in terms of clause 11 in performing his **services**, irrespective of whether fees are charged in terms of clauses 6 to 9, as well as for all costs incurred on behalf, and with the approval, of the **client**.
- (4) Should the tariff of fees contained in this Schedule be found to be inappropriate to any **project, works, services** or part thereof, the **client** and **construction project manager** may agree a fee deemed more appropriate. Contributing factors to be taken into account, although not limited to, may include all or any of the following:
- (a) **Complexity:** Where the **works** call for the application of new, unusual or untried techniques or designs or application of complex **project** delivery, systems or processes or excessive complexity of the whole or part of the **works**.
- (b) **Small projects:** Where projects are small in monetary value and the **tariff of fees** for normal projects does not compensate the **construction project manager** reasonably for the **services** to be rendered.
- (c) **Cost of the works:** Where the **cost of the works** is abnormally low relative to the **services** required from the **construction project manager**.
- (d) **Time duration:** Where the **works** are executed over an appreciably shorter or longer than normal or realistic time periods during any of the **stages** defined in clause 3, or where the **client** orders suspension of the **services** between

stages for periods in excess of 21 calendar days in the aggregate for any **stage**.

- (e) *Level of responsibility, liability and risk:* Where unusually high demands in respect of these factors are expected to be carried by the **construction project manager**.
- (5) Agreement on any adjustment of or special fees should be reached at the time of the engagement of the **construction project manager** or as soon after circumstances warrant such as practically possible, but should, if reasonably practicable, be concluded prior to the **construction project manager** rendering services which may be affected.
- (6) Where at the instance and with the consent of the **client** the **works** are undertaken on separate non-contiguous sites, continuity is interrupted or are unusually fragmented or are constructed as separately documented phases or sections, the fee for **normal services** is:
- (a) the sum of the fees calculated separately for each site, contract, phase or section as if they were separate **works**; or
- (b) the fee agreed to between the **client** and the **construction project manager** and which fee lies between the fee calculated on the total **cost of the works** and the sum of the fees contemplated in clause 6(6)(a).
- (7) The following fees may be claimed after each stage of **services** or monthly or as agreed between the **construction project manager** and the **client**:
- (a) Percentage fees determined on the basis of the **cost of the works** prevailing at the time of the fee calculation and pro-rata to the completed **services**.
- (b) Time based fees as specifically agreed on in writing by the **client**, applicable when the **services** were rendered.
- (8) Disbursements as set out in clause 11 may be claimed monthly.

7. FEES FOR NORMAL SERVICES

7. (1) Construction project management services pertaining to building projects

The basic fee for **normal services** in the field of construction project management, pertaining to building projects, is calculated at the percentage mentioned against the **cost of the works** contained in following table:

Cost of the Works		Primary Fee	Secondary Fee %	For value over
From	To			
R0.00	R4,000,000.00	R0.00	5.90%	R0.00
R4,000,000.00	R8,000,000.00	R236,000.00	4.43%	R4,000,000.00
R8,000,000.00	R16,000,000.00	R413,000.00	3.85%	R8,000,000.00
R16,000,000.00	R32,000,000.00	R721,000.00	3.36%	R16,000,000.00

R32,000,000.00	R64,000,000.00	R1,258,000.00	2.93%	R32,000,000.00
R64,000,000.00	R128,000,000.00	R2,197,000.00	2.56%	R64,000,000.00
R128,000,000.00	R256,000,000.00	R3,836,000.00	2.24%	R128,000,000.00
R256,000,000.00	and above	R6,699,000.00	1.95%	R256,000,000.00

8. SERVICES PROVIDED PARTIALLY OR IN STAGES

8. (1) The following table shall be used for proportioning the basic fee for **normal services** over the various **stages** of the services:

Project stage	Description	Percentage of total fee
1	Project Initiation and briefing	10%
2	Concept and viability	10%
3	Design development	25%
4	Tender documentation and procurement	10%
5	Construction and contract administration	40%
6	Contract Close out	5%

9. FEES FOR ADDITIONAL SERVICES

9. The fees for additional services contemplated in clause 4 are to be agreed to between the **client** and the **construction project manager**.

10. TIME BASED FEES

10. (1) (a) Time based fees are all-inclusive fees, including allowances for overhead charges incurred by the **construction project manager** as part of normal business operations, including the cost of management, as well as payments to administrative, clerical and secretarial staff used to support professional and technical staff in general and not on a specific project only.
- (b) Time based fees are calculated by multiplying the hourly rate contemplated in clause 11(3), which is applicable to the **construction project manager** or any other person employed by the **construction project manager**, with the actual time spent by such person in rendering the **services** required by the **client**.
- (2) To determine the time based fee rates the persons concerned are divided into:-
- (a) *Category A*, in respect of a private consulting practice in **construction project management**, shall mean a top practitioner whose expertise and relevant

experience is nationally or internationally recognized and who provides advice at a level of specialization where such advice is recognized as that of an expert.

- (b) *Category B*, in respect of a private consulting practice in **construction project management**, shall mean a partner, a sole proprietor, a director, or a member who, jointly or severally with other partners, co-directors or co-members, bears the risks of the business, takes full responsibility for the liabilities of such practice, where level of expertise and relevant experience is commensurate with the position, performs work of a conceptual nature in **project management**.
 - (c) *Category C*, in respect of a private consulting practice in **construction project management**, shall mean all salaried professional staff with adequate expertise and relevant experience performing **project management** work and who carry the direct responsibility for one or more specific activities related to a project. A person referred to in Category B may also fall in this category if such person performs **project management** work at this level.
 - (d) *Category D*, in respect of a private consulting practice in **construction project management**, shall mean all other salaried technical staff with adequate expertise and relevant experience performing **project management** work with direction and control provided by any person contemplated in categories A, B or C.
- (3) The time based fee rates and any applicable annual increase to rates are to be agreed to by the parties at the start of the commission, failing which applicable reasonable market related or gazetted rates shall be applied.
- (4) For the purposes of clause 10(3), the **total annual cost of employment** of a person contemplated in clause 10(2) means the total amount borne by an employer in respect of the employment of such a person per year, calculated at the amounts applicable to such a person at the time of appointment of such staff to the project, including –
- (a) Basic salary, or a nominal market related salary, excluding profit share and asset growth;
 - (b) Fringe benefits not reflected in the basic salary, including:
 - (i) normal annual bonus;
 - (ii) contribution to medical aid;
 - (iii) group life insurance premiums borne by the employer;
 - (iv) contribution to a pension or provident fund; and
 - (v) all other benefits or allowances payable in terms of a letter of appointment, including any transportation allowance or company vehicle benefit, telephone and/or computer allowances, etc; and
 - (c) Amounts payable in terms of a Act, including:
 - (i) contributions to the Compensation Fund in terms of the Compensation for Occupational Injuries and Diseases Act;
 - (ii) contributions to unemployment insurance in terms of the Unemployment Insurance Fund Act; and
 - (iii) recoverable levies to all spheres of government

11. EXPENSES AND COSTS

11. (1) For disbursements and for reasonable travelling and subsistence expenses additional payment shall be claimed over and above the fee payable under any other provision of this **Tariff of Fees**.
- (2) Recoverable expenses include:
- (a) Travelling expenses for the conveyance of the **construction project manager** or a member of the **construction project manager's** staff by means of:
 - (i) private motor transport, including any parking *charges*, toll fees and related expenses;
 - (ii) a scheduled air line or a train, bus, taxi or hired car; or
 - (iii) non-scheduled or privately owned air transport.
 - (b) Travelling time on the basis of the rate set out in clause 10, for all time spent in travelling by the **construction project manager** or members of his staff shall be as follows:
 - (i) when fees are paid on a time basis, all hours spent on travelling are reimbursable.
 - (ii) when fees are paid on a percentage basis, reimbursement for travelling time shall be for all time spent in travelling minus the first hour per return journey.
 - (c) Accommodation and subsistence expenses incurred by the **construction project manager** or a member of his staff;
 - (d) Agreed costs of typing, production, copying and binding of contract documents, pre-qualification documents, feasibility reports, preliminary design reports, final reports and manuals, excluding general correspondence, minor reports, contractual reports, progress reports, etc.
 - (e) Expenses on special reproductions, copying, printing, artwork, binding and photography, etc. requested by the **client**.
 - (f) Alternatively, a lump sum or percentage of the total fees payable to the **construction project manager** may be determined and agreed between the **construction project manager** and the **client** to cater for all or any of the above.

SACPCMP TYPICAL PROJECT ROLL OUT PROCESS

