

BOARD NOTICE 25 OF 2005**The South African Council for the Project and Construction Management Professions****Guideline 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.

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

The commencement date of these Rules shall be 01 February 2005.

SCHEDULE**Guideline Scope of Services and Tariff of Fees
for Registered Persons**

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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 person, legal entity or organ of the State engaging a **construction project manager** for **services** on a **project**;
- (ii) "**construction management**" means the management of the construction process of **works**, executed under multiple direct contracts, from project initiation and briefing to **project close out**, but **without** the acceptance of liability for the contractual **risks associated** with the role of a **contractor**;
- (iii) "**construction project manager**", means any person or legal entity **engaged** by a **client** on a **project** and who is a registered person in terms of Section **18** of **the Act**, or who employs such a registered person;
- (iv) "**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 project initiation through to **project close out**;
- (v) "**contractor**" means any person or legal entity under contract to a **client** to perform the **works** or part of the **works** on a **project**;
- (vi) "**cost of the works**" means the total amount, inclusive of the value of free issue items, 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;
- (vii) "**master time programme**" means a summary-level time programme which identifies the major activities and key milestones of the **project**;

- (viii) "**professional**" means a person registered as such in terms of an act of council for a profession - a **professional** has met all educational and training requirements set by the council concerned;
- (ix) "**project**" means the total scheme envisaged by a **client**, including **all** the **works** and services concerned;
- (x) "**services**" means normal **services** as contemplated in clause 3 and additional services as contemplated in clause 4 on a **project** for which a **construction project manager** is engaged;
- (xi) "**stage**" means a stage of **normal services** set out in clause 3;
- (xii) "**the Act**" means the Project and Construction Management Professions Act, 2000 (**Act No. 48 of 2000**);
- (xiii) "**works**" means the buildings, structures and other improvements to **be** constructed, including all associated architectural and engineering components.

2. SHORT TITLE

This Schedule is called the Guideline Scope of Services and Tariff of **Fees** for Registered **Construction Project Managers, 2004**.

GUIDELINE SCOPE OF SERVICES

3. NORMAL SERVICES

Construction project management shall **include** the following normal **services** under the following project stages:

PROJECT STAGES

Project stage	Description
1	Project initiation and briefing
2	Concept and viability
3	Design development
4	Bid documentation and procurement
5	Construction and contract administration
6	Project 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**.

NORMAL SERVICES		STAGE					
		1	2	3	4	5	6
3.1	Project Integration Management, encompassing the following activities needed to co-ordinate the various elements of the project:-						
3.1.1	Consult with the client to establish the project scope, objectives, priorities, constraints, assumptions and strategies	✓					
3.1.2	Review with client and update as necessary on a monthly basis		✓	✓	✓	✓	
3.1.3	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	✓	✓	✓			
3.1.4	Manage the execution of the project in accordance with the approved planning documents		✓	✓	✓	✓	
3.1.5	Manage the control of all interrelated changes to the approved planning documents		✓	✓	✓	✓	
3.2	Project Scope Management, encompassing the following activities needed to define the work required for the project:-						
3.2.1	Break down the scope of the project into a manageable work breakdown structure encompassing professional services and construction	✓	✓	✓	✓	✓	
3.2.2	Monitor the preparation of the design of the works through the duration of the project		✓	✓	✓	✓	✓
3.2.3	Manage the acceptance by the client of the design		✓	✓	✓	✓	✓
3.2.4	Establish and monitor the processes of controlling changes to the scope of the project , relevant to the stage	✓	✓	✓	✓	✓	
3.2.5	Manage the acceptance by the client of the construction of the works	✓	✓	✓	✓	✓	
3.3	Project Time Management, encompassing the following activities needed for the orderly progression of the project to a timely completion:-						
3.3.1	Develop a master time programme integrating the interdependencies of planning, design and construction stages	✓	✓				
3.3.2	Review and update as necessary on a monthly basis			✓	✓	✓	
3.3.3	Control changes to the master time programme to reflect actual project status	✓	✓	✓	✓	✓	

NORMAL SERVICES		STAGE					
		1	2	3	4	5	6
3.3.4	Monitor that subordinate detailed time programmes are produced and maintained in conformity with the master time programme by the other project participants		✓	✓	✓	✓	
3.4	Project Cost Management, encompassing the following activities needed to establish the approved cost budget for the project and manage project costs within this budget:-						
3.4.1	Establish responsibilities for information flow between the design team and the cost professional, responsible for the costing of the of the project	✓	✓				
3.4.2	Monitor the costing of the project	✓	✓	✓			
3.4.3	Establish a format for the cost budget in consultation with the cost professional responsible for the cost of the project, that meets the client's reporting requirements	✓	✓	✓			
3.4.4	Establish and monitor the processes of controlling changes to the cost budget on a monthly basis		✓	✓	✓	✓	✓
3.5	Project Quality Management, encompassing the following activities needed to give confidence that the requirements for the project will be met by the various participants:-						
3.5.1	Establish the organisation structure and responsibilities for quality management in the provision of professional services	✓	✓				
3.5.2	Establish the organisation structure and responsibilities for quality management in the construction of the works				✓		
3.5.3	Monitor that all project participants meet their quality management obligations	✓	✓	✓	✓	✓	✓
3.6	Project Human Resource Management, encompassing the following activities needed to enhance the effective use of people involved with the project:-						
3.6.1	Establish the roles, responsibilities and reporting relationships between the various participating organisations for the project	✓	✓	✓	✓	✓	
3.6.2	Monitor that suitable key people are assigned by participating organisations to establish an adequate project team	✓	✓	✓	✓	✓	✓
3.6.3	Promote the development of project team spirit to enhance project performance	✓	✓	✓	✓	✓	✓
3.7	Project Communications Management, encompassing the following activities needed for the timely generation, distribution, reporting and storage of						

NORMAL SERVICES		STAGE					
		1	2	3	4	5	6
	appropriate project information:-						
3.7.1	Establish the communications procedures and responsibilities for the project	✓	✓	✓	✓	✓	✓
3.7.2	Monitor the information distribution and record keeping	✓	✓	✓	✓	✓	✓
3.7.3	Collate information and prepare reports for submission to the client	✓	✓	✓	✓	✓	✓
3.7.4	Manage the closing out of the project and submission to the client of required records						✓
3.8	Project Risk Management, encompassing the following activities that are additional to the risk management activities inherent in other aspects of Normal Services:-						
3.8.1	Establish responsibilities for arranging project insurance and monitoring the timeous provision of proof of insurance	✓	✓	✓	✓	✓	✓
3.9	Project Procurement Management, encompassing the following activities needed to establish and administer contracts between the client and the professionals and contractors engaged for the project:-						
3.9.1	Establish the procurement procedure and choice of forms of contract for the project in consultation with the client	✓	✓	✓			
3.9.2	Establish the client's requirements regarding potential professional services and procedures of obtaining bids	✓	✓				
3.9.3	Establish the client's requirements regarding potential contractors and procedures of obtaining bids			✓	✓		
3.9.4	Manage the processes of preparing bid documents, and calling for bids	✓	✓	✓	✓		
3.9.5	Manage the evaluation of bids and facilitate their awards	✓	✓	✓	✓	✓	
3.9.6	Appoint professionals and contractors on behalf of the client subject to prior authorisation by the client	✓	✓	✓	✓	✓	
3.9.7	Act as agent of the client in the administration of contracts between the client and the professionals 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 additional services and remuneration shall be in writing and should, if at all possible, be concluded before such additional 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**, issued in terms of the Occupational Health and Safety Act, **1993** (Act 85 of **1993**), to specifically ensure compliance in terms thereof
- 4.2 Procuring of land and finance.
- 4.3 Procuring of tenants, **tenant** co-ordination and tenant installations.
- 4.4 Drafting of non-standard contracts.
- 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.

Where the **client** requires the **construction project manager** to, on his behalf, perform the services listed hereunder or similar work, the extent thereof and remuneration therefore is subject to agreement between the **client** and the **construction project manager**:

- (1) Dealing with matters of law, obtaining parliamentary or other statutory approval, licenses or permits.
 - (2) Assisting with or participating in contemplated or actual mediation, arbitration or litigation proceedings.
 - (3) Officiating at or attending courts and commissions of enquiry, ~~select~~ committees and similar bodies convened by statute, regulation or decree.
- 4.7 All work arising out of failure of any consultant, contractor, supplier or other external party to perform its obligations, provided that such failure is not due to default by the **Construction Project Manager**.
 - 4.8 Services resulting from damages to or destruction of the **works**, insurance matters, postponement or cancellation of agreement.
 - 4.9 Additional services resulting from the **client** changing previously issued **instructions**.
 - 4.10 **Construction management**.
 - 4.11 Calculation and certification of professional fees applicable to other professionals engaged by the **client** on 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 normal **services**.
- (2) The **client** should remunerate the **construction project manager**, for the normal **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, in writing, a fee deemed more appropriate, prior to the commencement of the **works**. 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 normal **services** to be rendered.

- (c) **Cost of the works:** Where the **cost of the works** is abnormally low relative to the normal **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 in writing at the time of the engagement of the **construction project manager** and 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, in writing, between the **client** and the **construction project manager**, prior to the commencement of the **works**, 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 normal **services**.
 - (b) Time based fees as specifically agreed on in writing by the **client**, applicable when additional **services** were rendered.
- (8) Disbursements as set out in clause 11 may be claimed monthly.

7. FEES FOR NORMAL SERVICES

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				
From	TO	Primary Fee	Secondary Fee %	For value over
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

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	Project Close out	5%

9. FEES FOR ADDITIONAL SERVICES

The fees for additional services contemplated in clause 4 are to be agreed to, in writing, between the **client** and the **construction project manager**, prior to the commencement of the **works**.

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, 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.
 - (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 an 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.

