

BOARD NOTICE 26 OF 2010**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 1 January 2010

SCHEDULE

Guideline Scope of Services and Tariff of Fees for Registered Persons

Index

<u>Heading</u>	<u>Sections</u>
GENERAL PROVISIONS	
Definitions	1
Short title	2
GUIDELINE SCOPE OF SERVICES	
STANDARD SERVICES	3
ADDITIONAL SERVICES	
Additional services pertaining to all stages of the project	4
COMMISSIONS TERMINATED	5
GUIDELINE TARIFF OF FEES	
APPLICATION OF TARIFF OF FEES	6
FEES FOR NORMAL SERVICES	
Construction project management services pertaining to building projects	7
Services provided partially or in stages	8
FEES FOR ADDITIONAL SERVICES	9
TIME BASED FEES	10
EXPENSES AND COSTS	11

*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:

"Built Environment" refers to the functional area in which registered persons practice. The Built Environment includes all structures that are planned and/or erected above or underground, as well as the land utilized for the purpose and supporting infrastructure;

"Client", means any person, legal entity or organ of the State engaging a construction project manager for services on a project;

"Construction Management" is the management of the *physical construction process* within the Built Environment and includes the co-ordination, administration, and management of resources. The Construction Manager is the one point of responsibility in this regard;

"Construction Project Management" is the management of projects within the Built Environment *from conception to completion, including management of related professional services*. The Construction Project Manager is the one point of responsibility in this regard;

"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;

"Project" means the total development envisaged by the client, including the professional services;

"Works" means all work executed or intended to be executed in accordance with the construction contracts;

"Principal Agent" means the person or entity appointed by the client and who has full authority and obligation to act in terms of the construction contracts;

"Principal Consultant" means the person or entity appointed by the client to manage and administer the services of all other consultants;

"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;

"Cost Consultant" means the person or entity appointed by the client to establish and agree all budgets and implement and manage the necessary cost control on the project;

"Contractor" means any person or legal entity entering into contract with the client for the execution of the **works** or part thereof;

"Nominated Subcontractors" are specialists and other subcontractors executing work or supplying and fixing any goods who may be nominated by the Principal Consultant;

"Selected Subcontractors" are specialists and other subcontractors executing work or supplying and fixing any goods and who are selected by the contractor in consultation with the Principal Consultant;

"Domestic Subcontractors" are specialists and other subcontractors executing work or supplying and fixing any goods and who are selected by the contractor;

"Direct Contractors" are contractors appointed by the client to execute work other than the works;

"Suppliers" mean a person or entity appointed by the client to supply goods and products for incorporating into the works;

"Construction Programme" is the programme for the works indicating the logic sequence and duration of all activities to be completed by the contractors, subcontractors, and suppliers, in appropriate detail, for the monitoring of progress of the works;

"Contract programme" is the construction programme for the works agreed between the contractor and the Principal Agent;

"Procurement Programme" is the programme indicating the timeous purchasing requirements for the project, including, but not limited to, the services of consultants, contractors, subcontractors, and suppliers required for the execution of the project programme;

"Project Initiation programme" is the programme devised by the Principal Consultant in consultation with the client and other consultants for all the work necessary to be completed prior to commencement of work by the contractors;

"Documentation programme" is schedule prepared by the Principal Consultant and agreed to by other consultants indicating the timeous provision of all necessary design documentation required by the contractors and subcontractors for the construction of the works;

"The South African Council for the Project and Construction Management Professions" means the South African Council for the Project and Construction Management Professions established by section 2 of the Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000), and **"SACPCMP"** has the same meaning;

"Project and Construction Management Professions Act" means the Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000);

"Construction Project Management Work" means the work identified under section 4 of this document;

"Construction Management Work" means the work identified under section 4 of the Identification of Work document for Construction Managers;

"Improper Conduct" as contemplated in section 27(3) of the Project and Construction Management Professions Act, means failure to comply with the code of conduct for registered persons;

"Public" means any person or group of persons who is, or whose environment is, either directly or indirectly affected by any project and construction management activity, or by a product, outcome or influence of a project and construction management activity, which may impact on the health, safety and interest of such person or group of persons;

"Substantially Practise" means regularly and consistently carry out project and construction management work identified in section 4 of this document, and charging a professional fee for such work and accruing professional responsibility to a client or an employer for the performance of such functions;

"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;

"stage" means a stage of normal services set out in clause 3;

"The Council" means the Council for the Built Environment established under section 2 of the Council for the Built Environment Act, 2000 (Act No 43 of 2000).

2. SHORT TITLE

This Schedule is called the Guideline Scope of Services and Tariff of Fees for Registered **Construction Project Managers, 2010**

GUIDELINE SCOPE OF SERVICES

3. STANDARD SERVICES

PROJECT STAGES

Project stage	Description
1	Inception
2	Concept and Viability
3	Design Development
4	Documentation and Procurement
5	Construction
6	Close Out

General Notes

- As these stages might overlap, the Standard Services stated hereunder may be required to be undertaken during any one of the Project Work Stages
- The order of the Standard Services does not necessarily reflect the actual sequence of implementation

Construction Project Managers shall perform the following standard services under the following stages:

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 STANDARD 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 Bracket	From	To	Primary Fee	Plus Secondary	
				Add %	For Value Over
1	-	10,000,000	-	5.90%	10,000,000
2	10,000,000	20,000,000	590,000	4.43%	20,000,000
3	20,000,000	40,000,000	1,033,000	3.85%	40,000,000
4	40,000,000	80,000,000	1,803,000	3.36%	80,000,000
5	80,000,000	160,000,000	3,147,000	2.93%	160,000,000
6	160,000,000	320,000,000	5,491,000	2.56%	320,000,000
7	320,000,000	640,000,000	9,587,000	2.24%	640,000,000
8	640,000,000	1,280,000,000	16,755,000	1.95%	1,280,000,000
9	1,280,000,000	2,560,000,000	29,235,000	1.70%	2,560,000,000
10	2,560,000,000	And Above	50,995,000	1.48%	

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	Initiation	10%
2	Concept and Viability	10%
3	Design Development	25%
4	Documentation and Procurement	10%
5	Construction	40%
6	Close Out	5%

9. FEES FOR ADDITIONAL SERVICES

The fees for supplementary 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.

The scale of fees on a time basis, on which Value Added Tax is excluded, shall be at the following rates per hour, rounded off to the nearest rand:

- (i) for a person in category A and B: 18,75 cents for each R100,00 of the total annual remuneration package (lowest notch) attached to a Director's grading (level 13) in the Public Service;
- (ii) for a person in category C: 17,5 cents for each R100,00 of the total annual remuneration package (lowest notch) attached to a Deputy Director's grading (level 12) in the Public Service;
- (iii) for a person in category D: 16,5 cents for each R100,00 of his/her total annual cost of employment; provided that this hourly rate shall not exceed 16,5 cents for each R100,00 of the total annual remuneration package (lowest notch) attached to a Assistant Director's grading (level 11) in the Public Service;
- (iv) hourly rates calculated in terms of (i), (ii) and (iii) above shall be deemed to include overheads and charges in respect of time expended by clerical personnel which shall, therefore, not be chargeable separately;
- (v) unless otherwise specifically agreed in writing, remuneration for the time expended by principals in terms of (i) above on a project shall be limited to 5 percent of the total time expended on the project. Any time expended by principals in excess of the 5 per cent limit shall be remunerated at the rates determined in (ii) or (iii) above.

Notwithstanding (v) above, where work is of such a nature that personnel as described in paragraph (iii) above can do it, it shall be remunerated at that level and not at the rates described in paragraphs (i) and (ii) above irrespective of who actually did the work.

The salaries referred to in (i) to (iii) above can change from time to time, which will, therefore, change the rates applicable. These rates will, however, only be adjusted on the first day of each calendar year irrespective of any changes during the year of these salaries. You may claim the rate as set out in Table 8 of the "Rates for Reimbursable Expenses", as amended from time to time.

- (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.