



## **Standard Conditions of Engagement for Professional Consulting Commissions**

### **THE PURPOSE OF THIS DOCUMENT**

In this document “we, us, ours” refers to Healey Engineering Pty Ltd or Understanding Energy as relevant. This document explains the basis of the contract, the basis of invoicing, and the INCLUDED and EXCLUDED costs, and the rates for “extras”, and resolution of disputes. If we have presented a specific fee proposal, then where the explicit conditions in that proposal conflict with this document then the specific fee proposal prevails on those items.

This is for Design, Consulting, Policy Advice, and Project Management services. Where we act as installation contractors, refer separate conditions.

### **THE OFFER / PROPOSAL**

Unless stated otherwise by us, the Offer / Proposal is

- Confidential: The terms, details and supporting materials for this proposal are commercially confidential and made available only for the purpose of this proposal.
- Current for 90 days beyond which we may choose to revise fees and/or conditions.
- Based on our current Conditions of Engagement. If other contract conditions are applied then the Offer is subject for review/change of the Offer at our discretion.
- Based on the time schedules advised to us of the project. If time schedules are not advised, then based on immediate start and timely progress and completion of the project. Significant delays will incur additional fees and/or escalation as assessed by us.

We reserve the right to withdraw the Offer / Proposal at any time.

We are entitled to invoice and be fully paid by the party that engages our services. We are entitled to know full details of this party for purposes of credit-worthiness, location, invoicing, payment enquiries, and full details for direct phone and email enquiries regarding payment.

### **THE CONTRACT / COMMISSION**

This document and our fee agreements (verbal, e-mail, electronic, or hard copy) shall be part of the Contract / Commission for the works, and shall hold at least equal weight to Client / Principal contract documents.

The design, concepts, IP, and information and documents of this Contract / Commission do not become available for the Client use until fees and expenses are fully paid to us. The information and documents are for the purposes of this project only and for this Client only. These shall not be used for any other project, no responsibility is offered to other parties or other projects, and all information and communication from us shall be held commercially confidential to the fullest extent permitted by Law.

The design, concepts, and IP, and information in the Contract / Commission are and remain the property of Healey Engineering Pty Ltd. We note that some information may be from the Client / Principal and this is not intended to limit their rights to the source information.

Where we provide our financial, insurance, accounting, legal, business, personnel, or personal information as part of a project or its negotiation, then these are provided on the condition of strict commercial confidentiality. Commercially confidential material shall be held confidential. Parties that legitimately need access to this information shall also be held to the same or greater confidentiality.



Neither party shall assign transfer mortgage charge encumber sublet or sub contract the Contract / Commission or its moneys payable or to become payable or any other interest benefit liability or obligation. Such action may be requested by the Client / Principal with the reasons and circumstances clearly stated, and such request may be accepted or be rejected entirely at our discretion. Any consent given shall be explicit and in writing.

Any dispute or disagreement that may arise shall have the full claim/reasons stated in writing within 14 calendar days from being notified. The parties shall meet immediately following supply of the claim/reasons and negotiate in good faith.

Any liability arising from our service will cease 2 years from the completion of the bulk of the service provided (95% or more invoiced) or our completion of that stage of our works. Where we have direct paid involvement in the construction stage of a project, then our liability shall cease 2 years after the date of practical completion (PC). If PC is disputed with us or disputed with the contractor then PC will be considered achieved at occupancy handover, or when we consider PC has in our opinion been achieved.

Where we are contracted on a paid basis for our services during the (12 month or less) maintenance window then our liability ceases 2 years after the end of that maintenance window. We shall not be liable to any party in respect of any indirect, consequential, or special losses and costs. We will not be liable for payment of liquidated sums or damages. We shall not be liable where we have not been fully paid.

No communication shall be made with our Insurers, Lawyers or Accountants without the prior explicit written agreement at that time of one of our Directors, and a written record of ALL communications by all parties shall be provided to us at no cost, including conversation transcripts.

#### **FIXED FEE & PERCENTAGE FEE PROJECTS – FEES BASIS**

The basis of the fee will be as stated in our fee proposal, unless explicitly adjusted in the Client confirming order. GST is additional to the fees and costs stated.

##### **1. Fixed Agreed Fee**

The scope of the project and the scope of our professional service will be as stated in our fees proposal. Work requested outside this scope of service, or for a significantly expanded project, will attract additional fees. We will negotiate and agree the new fee arrangements with the Client, prior to commencing the additional works.

##### **2. Percentage Fee Projects**

The fee will be based on a percentage of the contract value of works designed and documented by this office. The scope of service and the fee scale is as stated in our fees proposal. Where not stated, the design plus construction fees shall equal 7.5% fee plus a \$2,500 fixed fee component, plus GST, for a simple project with simple reporting requirements.

##### **3. Typical Components of the Professional Service**

For a full service commission on a new services project, the fee components shall be as stated on the fee agreement. Otherwise the split of fee shall be as follows (standard / typical for routine design):

Design Stage Fees		70%
	Schematic Design & Conceptual Design	(20%)
	Design Development & Co-ordination	(15%)
	Documentation to Tender	(35%)
Construction Stage Fees		30%
	Review of Shop Drawings, Selections & Equipment Data	(20%)
	Inspections (Site & Factory), Site Tests and Handover	(10%)
Defects Liability Stage Fees		(nil)
	Excluded from scope – unless otherwise stated by us	(nil)

##### **4. Project Stages**

Our proposal is based on the majority of design (greater than 95 %) by all designers and trades on the project be undertaken during the Design Stage and only minor changes will occur following the issue for tender. Any significant design changes may (at our discretion) require a revision of the fees.

**5. Additional to the Fee**

We have based our proposal on generation of electronic documents (only) for tendering and reports during the project. The excluded costs, expenses, and additional work scope (ie; "extras") will be invoiced and are required to be paid by the Client / Principal. Where possible we will advise in advance where we expect these fees may be incurred.

**6. Included In Fee**

- General office overheads, minor consumables, communications.
- Tender Projects: up to 8 sets of tender documents, usually specifications and drawings.
- Report Projects: up to 4 bound final reports.
- Where possible we will issue electronic copies of documents only.
- Routine communication and routine provision of electronic documents to co-ordinating consultants.
- Travel costs within the Capital City metropolitan area.

**7. Additional to Fee**

- Travel accommodation and related costs beyond the Capital City metropolitan area.
- Additional copies of reports, specifications, and drawings.
- Any work beyond the agreed workscope of the project
- Any work beyond the agreed scope of professional service.
- Government and authority fees and licences.
- Client required specialised software.
- Engagement of other consultants.
- Labour associated with the above items.

**8. Variations to the Fee, Scope of Service; Scope of Work**

- Additional work components or changes to the service provided will be done as Time Basis (hourly charge).
- Where Client directly purchases equipment components our involvement in this work will be done as Time Basis plus costs.
- Where the Work Scope is later separated into multiple contracts: We shall advise and invoice a fee variation (and shall be paid) .

**9. Excluded from the Service**

- Project Management is excluded unless specifically included in the fee proposal from us.
- Assessment of the financial stability or capability of the contractors.
- "Reviews" by the Client of our work.
- Work involved in helping the Client resolve legal matters
- Provision of copies of detailed calculations or working documents
- Inclusion of these matters is entirely at our discretion and the additional fee is entirely at our discretion.

**TAXES, EXCISE, DUTIES & FEES**

GST/VAT is additional to the fees and costs described following, and additional to our quoted fees. We reserve the right to invoice and recover any changes in Government imposts, taxes, sales tax, excise, fees, and duties.

**TIME BASIS PROJECTS— FEES BASIS**

Fees shall be invoiced and paid for technical work and associated management work on time basis plus costs, at the hourly rates agreed with the Client.

If not stated, rates shall be (initially) at the following hourly rates for our personnel. External contractors or consultants may be charged at different rates at our discretion. These rates apply for the first year of the project, and will be escalated for subsequent years. These are standard rates for small & medium projects.

Concessional (reduced) hourly rates may be considered for large projects, by prior negotiation, at our discretion. For some projects we may entirely at our discretion charge greater rates based on other factors (decided by us) possibly including complexity, risk, remoteness, or complex contract structures.

Please note: We will determine the category of the personnel and their task		GST is additional
<b>Engineering Design &amp; Management Work</b>		
	Senior Qualified Engineer or Principal	\$ 240 per hour
	Qualified & Experienced Technical Personnel	\$ 190 per hour
	Other Experienced Technical Personnel	\$ 150 per hour
	Trainee or Junior Technical Personnel	\$ 90 per hour
<b>Drafting &amp; Clerical</b>		
	Design Drafter or Experienced Drafter	\$ 140 per hour
	Mature or Experienced Clerical	\$ 110 per hour
	Trainee Drafter, Tracer or Junior Clerical	\$ 80 per hour
<b>Legal Related</b>		
	Refer our notes on "legal" related work at 50% Premium to above	(150% of above)

GST is additional to the fees and cost stated.

**1. Included in Rate:**

- Electronic copies of the main reports and output documents (eg: drawings, specifications)
- General office overheads, minor consumables.
- General secretarial, reception, local communication directly associated with work.
- Minor office and drafting consumables.

**2. Additional to Rate:**

- Printing, binding of documents, specifications, reports drawings, if necessary.
- Copying of Client records, if necessary.
- Scanning / conversion to other formats
- Conversion or data entry of Client records to accessible electronic form.
- Lodging of advertisements.
- Travel outside Perth metropolitan area.
- Accommodation, meals, and necessary costs associated with travel.
- Required couriers.
- Required hire of test equipment.
- Government and authority fees and licences.
- Engagement of other consultants.
- Labour associated with above items.

The excluded costs (ie; "extras") will be invoiced and are required to be paid by the Client / Principal. Where possible we will advise in advance where we expect these fees may be incurred.

## CAPITAL COST ESTIMATES

Unless stated otherwise, cost estimates are based on an assumption of competitive tendering in normal market conditions by competent services contractors. Where open competitive tendering is not present in the industry then we take no responsibility for resulting outcomes.

**1. Cost Estimates - Exclusions:**

- GST is additional to the quoted costs.
- Consultants' fees and Authority fees and charges are additional to the stated costs.
- Associated "builders work" and electrical supplies are additional to the stated costs.
- Costs & time involved to engage other consultants are additional to the stated costs

**2. Cost Estimates:**

- At the end of the Concept Stage costs are normally considered to be accurate to +/- 20%.
- At the end of the Documentation Stage costs are normally considered to be accurate to +/- 10%.
- Tendering conditions at the time of construction will have a major influence on prices.

This means that as the design proceeds, and after tendering, alterations to scope and detail of the systems may be required to achieve budget. During the concept and documentation stages the cost estimates are to assist comparison of alternative options. We can assist a Client to achieve particular specific cost outcome, if so requested in advance and at additional negotiated fee.

## TRAVEL ARRANGEMENTS

We will charge for all travel time outside of a radius of 50km from the Central CBD of a Capital City, and we will charge at cost+15% (for handling, accounting, fees and interest) for all related travel expenses paid by us. The Client may make and pay for some of the bookings.

Where overnight accommodation is needed, this shall be at reasonable quality motel facilities, one room allocated to each person. Camping out will only be agreed to if it is absolutely necessary in our view. If camping out occurs, then the Client shall make adequate arrangements for all food and facilities. The Client shall provide good quality camping equipment.

Overnight stays away from independent motel accommodation (eg: camping out, staying in the "spare room" etc) will have an additional 3 hours of technical labour costs for each night invoiced as additional "travel time".

## PAYMENT & INVOICING

Work in progress and completed work will be invoiced monthly, and/or at completion of milestones, at our discretion. Payment is due immediately and payable 14 days from the date of invoice, unless agreed otherwise. Such invoicing is based on our assessment of the work done.

For projects that are required (by the original project commission) to be "payment at completion" or "payment at milestones" we reserve the right to recover more frequent progress payments if unexpected delays occur beyond our reasonable control.

Accounts significantly in arrears will incur interest costs at our overdraft rate (usually in the range of 15% to 20% pa – we will advise you at the time), and associated administrative and recovery costs and charges, from the date of invoice, entirely at our discretion.

Failure to pay promptly is (entirely at our discretion) grounds for us to delay/freeze the service/works and/or withhold documents and consultation/advice with no penalty to us. Significant or repeated delay of payments is grounds (entirely at our discretion) for us to unilaterally terminate the Contract / Commission, and this action does not limit our rights to recover payment and damages.

## INDICATIVE RATES FOR ADDITIONAL/ANCILLARY COSTS - ALL PROJECTS

GST is additional to the fees and cost stated. All expense items to be billed at cost plus 15% for administration, unless listed below. Our base fees allow ONLY for electronic documents.

Print/ Copy / Enlarge / Bind		
These include associated labour costs for administration and handling		
Printing & Photocopy	Mono (each sheet)	Colour (each sheet)
	A4 30c	\$ 2.50
	A3 70c	\$ 5.00
	A2 \$1.50	\$ 7.00
	A1 \$ 6.00	\$ 10.00
	A0 \$8.00	\$12.00
	Based on white paper	Based on white paper
Bind and Cover	Bind and Cover	
	A1 drawing sets	\$ 35 per set
	A2 drawing sets	\$ 30 per set
Reports & Specifications (A4)	\$ 10 per document	
Scanning	cost plus 50% for handling	
Other Print/ Copy / Enlarge	cost plus 50% for handling	
Archived Documents	Search & Collate	
	Time Basis Fee	

## **ELECTRONIC DOCUMENTS**

The electronic files are the “originals” and any paper documents that may be generated are copies for convenience only.

Our basic fee quoted is for generation of electronic documents by us of our work (reports, drawings, etc). Hard copy documents required for the project are expenses to be invoiced in addition to the other fees. Project information shall be supplied as electronic documents in normal formats. Any conversion (hard copy to paper) scanning or data entry or similar is additional to our fee unless otherwise explicitly stated.

## **“REVIEW” VERSUS “APPROVAL” OF CONTRACTOR SUBMISSIONS**

During the construction stage we may periodically review the contractors work. We do not “Supervise” or “Approve”. We decide on the level of detail requested and the frequency of inspections. This work is undertaken for our Client not for the contractor, and the contractor should not rely on it for any purpose, no warranty offered to them. We do not work for the contractor (unless specifically agreed) and our “agreement” or “review – accepted” of submissions to us is not a statement to the contractor of “conformity” or “acceptability” or other similar implication.

If a “supervisor” is required by a Client they should appoint a “Clerk of Works” that is permanently stationed on site to cover multiple trades.

## **LEGAL MATTERS, EXPERT WITNESS, & REVIEWS**

For all legal-related work we shall invoice and require payment at a rate of 50% Premium to Hourly Rate, plus our expenses. This work is never included in the normal fee of any consulting project.

For any work undertaken in relation to Expert Witness, Reviews, Court appearances, briefing with counsel, arbitration, hearings, other legal-related, quasi-legal or potential legal circumstances, the fees shall be time-basis (hourly rate) for all personnel and is increased to 50% Premium to that stated in hourly rates tables. ALL travel time, preparation time, clerical work, expenses and consumables directly related shall be chargeable.

Reviews include our technical review of the work of others, and review of our work by others. Our quoted project fees do not allow for our time and costs related to answering or resolving third party reviews; expert reviews; expert site inspections; attendance at such meetings; resolving legal issues or disputes; or similar related to our work. All such work shall be paid at the Premium time basis fee (time basis plus 50% as above) plus direct costs and expenses.

The circumstances that require a review shall be advised to us in advance of the review. We shall be fully informed in writing of the progress, outcome, with ALL reports supplied to us at no cost. We reserve the right to reject any “reviews” of projects we work on. We require to be fully informed of any such proposed review before it commences. All review progress and outcomes shall be undertaken by the client and review parties on a fully confidential basis.

We require that any reviewing 3rd party or internal reviewer be fully briefed at the expense of the Client and they shall fully inform themselves and take into account fully this information. Reviewers shall be required to declare on a non-confidential basis all conflicts of interest in writing (no matter how minor) to us and to the Client parties.

## **FURTHER INFORMATION**

For more information please contact a Director. Refer also our web pages:

[www.understandingenergy.com.au](http://www.understandingenergy.com.au)

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**ENGINEERS  
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