

The University of Melbourne

Semester 1 Assessment 2006

Faculty of Architecture, Building and Planning

Subject Number: 702-413

Subject Title: Project Administration

Student Number:

Reading Time: 15 minutes

Writing Time: 3 hours

This paper has 3 pages

Identical Examination Papers: 702-655 Project Administration (Masters)

Authorised Materials:

Any type of cordless electronic calculator.

No other materials are authorised:

Instructions to Invigilators:

Standard script books only required.

Exam question paper may be removed from the examination room.

Instructions to Students:

- This examination carries a 60% weighting in the subject.
- You must attempt all 10 questions;
- All questions are worth 10 marks each;
- Your possible score will be 100 marks, which will be scaled to 60% of your total assessment for the subject;
- You have 3 hours, ie 180 minutes, to complete all 10 questions; consequently, your answers must be reasonably brief, though not simply in point form.

Paper to be held by Baillieu Library

Question 1

- a) Describe the *essential* features of a traditional building and construction contract.
- b) Discuss the differences in the contractual links and the communication links between:
 - the owner,
 - the contract administrator,
 - the contractor and
 - the subcontractors.

Question 2

In a traditional building and construction contract, the contract sum is \$7,500,000, the rate of retention is 10% and the limit of retention is 5% of the contract sum. Calculate the approximate amount, excluding interest, that should be contained *in the retention fund* immediately *after* each of the following stages:

- a) commencement;
- b) value of work completed \$1,300,000;
- c) value of work completed \$4,200,000;
- d) practical completion;
- e) final payment.

Question 3

- a) List five reasons for which the contract sum may be adjusted (or, alternatively, for which amounts may be added to or deducted from payments to the contractor) in a traditional building and construction contract.
- b) Describe *how* and *when* these adjustments/payments are made.

Question 4

- a) Describe the *categories* of circumstances that might constitute a dispute in a traditional building and construction contract.
- b) Cite the three methods of alternative dispute resolution (ie, alternative to litigation) available under commonly used standard contracts.
- c) Discuss the potential outcome of these three methods.

Question 5

- a) Describe the circumstances in which an extension of time may be granted under a traditional building and construction contract.
- b) Discuss the limitations to the contractor's eligibility for such extensions.
- c) Describe the circumstances in which the contractor may be paid delay or disruption costs under such a contract.
- d) Discuss the limitations to the contractor's eligibility for such payments.

Question 6

- a) Outline the *reasons* for the widespread use of subcontracts in traditional building and construction contracts.
- b) Discuss the types of subcontracting *arrangements* available under the more common building and construction contracts.

Question 7

- a) Explain the reasons for the use of rise and fall provisions in a traditional building and construction contract.
- b) Discuss the effects of using/not using these provisions in a lengthy project.
- c) In a traditional building and construction contract, rise and fall provisions apply. A progress certificate has been issued in the sum of \$180,000. The building cost index at the commencement of the contract was 824 and is now provisionally 853. Calculate the provisional rise and fall adjustment payable to the contractor in the current payment period.

Question 8

- a) Explain the *purpose* of liquidated damages in a traditional building and construction contract.
- b) Describe how the *level* of these damages is calculated.
- c) Describe when these damages are applicable and how their *quantum* is calculated.

Question 9

Describe the main differences between traditional and collaborative information management, with respect to:

- a) Cost
- b) Delivery assurance
- c) Audit trail

Question 10

Funds generated during construction projects may be used strategically:

- a) Explain who owns these funds and why this is so.
- b) Describe the sorts of investments that might be made and why these are suitable.