

Basis of Payment

[Insert project name]

Contract no: [insert no]

<<This page is to be deleted prior to documents being finalised for tender.>>

Guidance notes

This template document provides the basis for the procurement of development of physical works contracts for NZTA's construct only contracts. The purpose of the template is to provide consistency throughout NZTA's operations and to ensure that an appropriate level of detail is provided for tender documentation.

Format:

- Black Text mandatory and may not be changed without approval prior to issue by the NZTA Project Manager, who will consult with the relevant NZTA staff on all changes made.
- <<Guidance Notes>>: Blue text with yellow highlighting are guidance notes. Guidance notes must be deleted prior to tender document release.
- Green highlight: Green highlight shows key updates in this version of the document.

For any questions or assistance with preparing this template contract, contact the NZTA Procurement team.

<< The following guidance is intended for those compiling or drafting a Basis of Payment document from this template:

1. Schedule of Prices template to be provided as part of the tender.
2. When preparing the Schedule of Prices consider its use by the Contractor and Principal's contract manager in the implementation phase, with the aim of efficient financial management during the construction phase of the project, to this end:
 - a. The Schedule should be in Excel Format, and in a form that can be issued to tenderers electronically.
 - b. structure the items in the Schedule of Prices in accordance with the standard work breakdown structure used in NZTA's SM014 Cost Estimation Manual.
 - c. As far as practicable:
 - Arrange the items sequentially in the Schedule of Prices so as to follow the construction sequence of the works.
 - Measure and define the items in accordance with the Standard Method of Measurement
 - Structure items in the Schedule of Prices so as to assist the contractor in the financial management of the project. The items should be scheduled to coincide with the sequencing of the construction of the works or the grouping together of works that are likely to be subcontracted out.
3. Refer to the Specifications, which may require items to be itemised and scheduled in a particular way.
4. Each item in the Schedule of Prices shall have a corresponding method of payment.
5. Where there is a risk of Variations to a scheduled item (e.g. quantity), to the extent possible, items shall be scheduled with the appropriate unit of measurement (m, m2, m3 etc.) so that any Variations can be fairly valued.
6. Dayworks, Provisional Items or any other "provisional" or "measurable" items can be included in the Schedule of Prices.
7. It is recommended that advice from the NZTA Procurement Team be sought before including Provisional Items and/or Prime Cost Sums in the Schedule of Prices.
8. When preparing the Schedule of Prices consider the need for dayworks items.

9. Consider the nomination of a % for Margin to enable transparent valuing of potential variations>>

1. General

1.1. Item description

- 1.1.1. In the Schedule of Prices the item description identifies the work covered and shall be read in conjunction with the Basis of Payment. The Contractor shall determine the nature and extent of the work from the Drawings, Project Specifications and Contract.

1.2. Item quantity

- 1.2.1. Metric units shall be used for measurement throughout this Contract. All Drawings shall be developed using the metric system.
- 1.2.2. The Contractor shall not rely on the quantities provided in the Schedule of Prices, or the dimensions provided on the Drawings provided by the Principal for ordering Materials or pricing.
- 1.2.3. For items not measured as Lump Sums, the quantity shall be measured net from the dimensions stated in the Contract. No allowance shall be made for over excavation, laps, cutting, waste, etc. unless specifically stated. All cubic metre measurements shall be on a solid measure basis unless stated otherwise.

1.3. Item rate

- 1.3.1. Each item in the Schedule of Prices shall have a rate entered against it. Rates shall be in NZ Dollars to two decimal places. Where no rate is entered, it shall be deemed to be \$0.00.
- 1.3.2. The rate tendered in the Schedule of Prices shall be deemed to include the costs of meeting all conditions, obligations, and liabilities in the Contract. It shall be deemed to be inclusive of, but not limited to, supplying all Plant, labour, Materials, and transportation required to complete the item of work.
- 1.3.3. All rates for items in the Schedule of Prices shall include all of the costs associated with matters such as miscellaneous items, accommodation, supervision, contingencies, normally expected risks, transport of equipment, incidental work, temporary works, survey, setting out, inspections, reporting, attendances at meetings, communications, programming, records, quantity measurement, claims for payment, testing and quality control measures, permits, administration, as well as Preliminary & General and Margin, except that, if any one of those matters is scheduled separately as a result of an item description expressly identifying that particular matter, that matter will not be included in the rate for that item.

1.4. Item unit

- 1.4.1. Units of measurement shown in the “unit” column of the Schedule of Prices have been abbreviated as follows:

Abbreviation	Description
Day	Calendar day
Hr	Hour
Km	Kilometre
LS	Lump sum
m	Linear metre

m2	Square metre
m3	Cubic metre
No.	Number
PI	Provisional item
PS	Provisional sum
T	Tonne
%	Percent

1.5. Amendments to the Schedule of Prices

1.5.1. No changes shall be made to the Schedule of Prices without the Principal's written approval.

2. Basis of measurement and payment

2.1. Description of item in Schedule of Prices

Schedule of Prices – Item(s) <<give Schedule of Prices item reference numbers here>>

- 2.1.1. <<Guidance Note: This part of the document is to be tailored to project specific needs. The intention is that the order of the Schedule of Prices will follow the standard Work Breakdown Structure and meet the needs of the project. No lump sum should be greater than 5-10% of the Contract Administrator's estimate for the Contract. Each item in the Schedule of Prices must have a corresponding basis of payment describing what work is included, and how it will be measured and paid. In writing this section consideration should be given to the particular method of measuring progress for each item.

For example, for quality assurance – payment of 80% of the tendered rate will be made for any item for which the compliant test results are available but have not been submitted to the Independent Certifier. Full payment will be completed once all records and IANZ, or other approved, certified test results required by the Contract have been submitted and accepted by the Independent Certifier. Unless scheduled separately, all costs incurred by the Contractor in undertaking and completing all quality assurance testing as outlined in the Contract shall be deemed to be included in the tendered rates>>.