



## Standard Conditions of Engagement for Professional Consulting Commissions

(Costs & rates were reviewed Aug 2010)

This is for Design & Consulting services. Where we act as installation contractors, refer separate conditions.

**GST is additional** to the fees and costs described following, and additional to our quoted fees.

Tax, Excise, Duty, and other government charges & fees -- We reserve the right to recover any changes in Government imposts and taxes during the contract period.

### The Purpose of this Document

This is to explain the basis of the contract, the basis of invoicing, and the INCLUDED and EXCLUDED costs, and the rates for these "extras". The excluded costs (ie; "extras") will be invoiced and are required to be paid by the Client/ Principal. We will advise in advance where we expect these fees will be incurred.

If a specific fee proposal is presented, explicit conditions in that proposal override this document.

### 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 and concepts in the Contract / Commission are 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.

The information and documents of this Contract / Commission do not become available for the Client use until fully paid for. The information and documents are for the purposes of this project only and for this Client. These shall not be used for any other project, no responsibility is offered to other parties or other projects, and all shall be held commercially confidential.

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.

Transfer of the Contract (not permitted): The Client / Principal **shall not without explicit consent in writing** assign transfer mortgage charge encumber sublet or sub contract the Contract / Commission or its moneys payable or to become payable or any other interest or benefit under the Contract / Commission. Such action may be requested with the circumstances clearly stated, and may be rejected by Healey Engineering Pty Ltd. If the justification is incorrect misleading or the circumstances significantly change then the Contract / Commission shall revert back entirely at the discretion of Healey Engineering Pty Ltd.

NO communication shall be made with our Insurers, Lawyers or Accountants without the explicit written agreement of a Director with a record of ALL communication shall be provided to us.

### 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. Such invoicing is based on our assessment of the work done.

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

PO Box 21, Victoria Park Western Australia, 6979  
328 Albany Highway Victoria Park, WA  
[info@understandingenergy.com.au](mailto:info@understandingenergy.com.au)  
Voice: (+61 8) 9470 2122  
Fax: (+61 8) 9470 9189  
ABN – 58 084 394 374

05 August 2010  
100-StandardConditionOfEngagement-1008.doc



For projects that are required (by the original project commission) to be "payment at completion", we reserve the right to recover progress payments if un-expected delays occur beyond our reasonable control.

Failure to pay promptly is (entirely at our discretion) grounds to terminate the Contract / Commission and this action does not limit our rights to seek payment and damages.

## Capital Cost Estimates

Unless stated otherwise, cost estimates are for work done by competent services contractors, based on COMPETITIVE tendering. We assume that cartel action is not present in the industry and take no responsibility for tender problems due to such a factor.

- GST is additional to the quoted costs.
- Consultants' fees for design and supervision 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

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. We can assist a Client to achieve suitable cost outcome, if so requested.

## Travel Arrangements

We will charge for all travel time outside of a radius of 40km from our permanent office, and we will charge (at cost +15% for handling, accounting and interest) for all directly related travel expenses. 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.

Overnight stays away from independent motel accommodation (eg: camping out, staying in the spare room) will have the labour charged / accounted for as an additional "half day" of technical labour costs for each night. 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.

## Expert Witness / External Design Review / Legal Proceedings & Hearings

For engineering or management work undertaken in relation to Expert Witness, Court appearances, other legal circumstances, the hourly rate for all personnel is increased to 50% greater than those stated in hourly rates, and ALL travel time, preparation time, clerical work and consumables directly related are also chargeable.

Where a Client / Principal or related party invites another specialist to review our design at meetings or in written correspondence then we SHALL be advised IN ADVANCE and we reserve the right at our discretion to reject our involvement and the outcomes resulting. If we agreed then we will charge for all the time involved, including travel, preparation, meeting, correspondence, document search all at the increased rates (+50% as above) in addition to the standard project fee.

## Indicative Rates for Additional/Ancillary Costs - All Projects

These include associated labour costs for administration and handling. GST is additional to the fees and cost stated.

Report binding and covers (A4)	\$22.00	each report / specification
Photocopies (mono)	< 10 off	10 or greater
	A4 40c each	30c each
	A3 or enlarge / reduce 50c each	40c each
Drawings – (mono prints)	<10 off	10 or greater
	A0 \$20.00	\$15.00
	A1 \$15.00	\$12.00
	A2 \$12.00	\$10.00
Bind and Cover		
	A1 drawing sets \$25 per set	
	A2 drawing sets \$20 per set	
Archived Documents – Search and copying	\$ hourly rate	

Other document copying and printing to be billed at cost plus 35% for handling. All other expense items to be billed at cost plus 15% for administration.

## Fixed Fee & Percentage Fee Projects – Fees Basis

The basis of the fee will be as stated in our fee proposal, or the Client confirming order, as appropriate. GST is additional to the fees and cost stated.

### 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.

### 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 fees shall be set at the equivalent of the ACEA recommended fee scale, based on the size and complexity of the works.

### Typical Components of the Professional Service

For a full service commission on a new services project, the fee components shall usually be split as below, unless otherwise stated on the fee agreement. Split of fee (standard/typical):

Design Stage Fees	70%
Schematic Design & Conceptual Design	(16%)
Design Development	(14%)
Documentation to Tender	(40%)
Construction Stage Fees	30%

### Included In Fee

- General office overheads, minor consumables, communications.
- Tender Projects: 8 sets of tender documents, usually specifications and drawings.
- Report Projects: 4 bound final reports.
- Electronic copies of documents supplied for "single use" for this project only.
- Routine communication and routine provision of documents to co-ordinating consultants.
- Travel costs within the Perth metropolitan area.

### Additional to Fee

- Travel accommodation and related costs beyond the metropolitan area.
- Client required couriers.
- Client required STD, ISD, Internet communications.
- 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.

### 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 direct purchase of equipment components is included this work will be done as Time Basis
- Where the Work Scope is separated into separate a fee variation shall be invoiced and paid.

### Excluded from the Service

- During the construction stage we periodically review the contractors work, but we do not "Supervise".
- Project Management is excluded unless specifically included in the fee proposal from us.

## Time Basis Projects– Fees Basis

### Standard Time Basis Fees:

Fees shall be charged for technical work and associated management work, at the hourly rates agreed with the Client, otherwise shall be 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 rates may be considered for large projects, by prior negotiation. 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 Client business structures.

GST is additional to the fees and cost stated.

<b>Engineering Design &amp; Management Work</b>	GST is additional
Senior Qualified Engineer or Principal	\$ 200 per hour
Qualified & Experienced Technical Personnel	\$ 160 per hour
Other Experienced Technical Personnel	\$ 140 per hour
Junior Technical Personnel	\$ 90 per hour
 <b>Drafting Only</b>	
Design/Experienced Drafter	\$ 90 per hour
Junior/Tracer/Clerical	\$ 72 per hour

### Included in Rate:

- General office overheads, minor consumables.
- Secretarial, reception, local communication directly associated with work.
- Minor office and drafting consumables.

### Additional to Rate:

- Printing, binding of specifications, reports drawings, if necessary.
- Copying of Client records, if necessary.
- Lodging of advertisements.
- STD, ISD, Internet communications.
- 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.

## Scope of Our Consulting Service (Typical/Indicative)

Please enquire specifically for your project, these are generic lists. Where a Client has engaged us for a full-scope-of-service Project Design and Management role, the following are the sample of tasks (where relevant) we will undertake.

### SCHEMATIC DESIGN

Assess & Confirm Brief & Fees  
 Schematic Design Calcs  
 Design Report & Sketches  
 Cost Estimates  
 Co-Ordination - To Client & Designers  
 Authority Approval – Client Issues

### DESIGN DEVELOPMENT

Site Inspection of Existing  
 Detailed Calculations  
 Equipment Selections  
 Initial Equipment Schedules  
 Drafting of Concept  
 Submit to Authorities for Approvals for Preliminary Agreement  
 Update Cost Estimates  
 Co-Ordination - To Client & Designers

### DOCUMENTATION

Modify Calculations  
 Modify Equipment Selections  
 Modify Equipment Schedules  
 Prepare Contract Format  
 Assemble Specification  
 Drafting of Tender Drawings  
 Site Inspection  
 Update Cost Estimates  
 Co-Ordination Sets - Design Team  
 Co-Ordination Sets - Approvals  
 Submit to Authorities for Approvals – eg: Council / Fire /Utilities

### TENDER

Create Tender Sets  
 Issue Tender Sets  
 Assess & Compare Tenders  
 Compare to Criteria  
 Compare to Estimates  
 Recommendation - Detailed Report  
 Copies of Quotes to Client

### CONSTRUCTION STAGE

Issue Contract Acceptance  
 Issue Contract for Signing  
 Prepare Progress Certificates  
 Prepare Variation Orders  
 Obtain Time Schedule  
 Site Meeting Schedule  
 Review Equipment Selections  
 Review Shop Drawings  
 Certify Progress Claims  
 Site Inspections  
 Commissioning Inspections  
 Enable Authority Inspections  
 Review Contractor Manuals & As-Constructed Drawings  
 Certify Hand Over & Practical Completion

- We note that we DO NOT supervise the works, and our periodic inspections may not identify some non-conformity. The Client needs to engage a Clerk of Works or similar if a higher level of inspection is required.
- We note that we do not "APPROVE" the contractors works, and irrespective of our review process the Contractor is responsible to conform to the requirements.

### MAINTENANCE PERIOD

Review Maintenance Reports (if submitted)  
 Final Completion Inspection  
 Final Completion Certificate

### REMOTE DATA ACQUISITION (not included)

Remote data acquisition from sites ("SCADA") is additional to all contracts and charged at hourly rates (time basis) plus costs.