

# Workforce Skills Series



## Contract Administration

Presentation slides

Tuesday 31 January 2023



# Workshop Objectives

**The workshop provides an opportunity to:**

1. Understand the different types of contracts
2. How are contracts made and managed
3. Mistakes to avoid
4. Ways in which SIIP will encourage local content
5. Local firms telling SIIP what they need help with  
for future workshops

# Agenda

<b>0800-0830</b>	<b>Attendees arrive, sign in and take their seats.</b>
<b>0830-0840</b>	MC (Camari) – Welcome
<b>0835-0845</b>	Opening Remarks by Peter Leahy (SIIP Team Leader)
<b>0845-0915</b>	Presentation by Tony Telford (Deputy Team Leader – Infrastructure - Current contracts, Subject, Type
<b>0915-1000</b>	Presentation by Ken Munro (Contracts & Procurement Specialist) - How contracts are made and managed
<b>1000-1030</b>	Tea/coffee break
<b>1030-1130</b>	Presentation by Adam Searancke from Solomon Water – mistakes to avoid
<b>1130-1200</b>	Presentation by Ricky Fuo’o – Tropical Group Builders – Contractors Perspective
	Questions and Answers session and completion of feedback forms
<b>1200-1245</b>	Closing followed by light lunch

# SIIP is not a traditional infrastructure program

- Long term - 10 years to 2030, SBD1.65 billion
- Multiple diverse projects across Solomon Islands
- Five guiding principles (including maximising local content)
- Whole of life approach to infrastructure: quality, sustainable, resilient

# SIIP will deliver **4** outcomes for Solomon Islands



## Finance

Greater access to international infrastructure finance.



## Planning

Improved planning & policy settings to support quality and inclusion.



## Construction

Construction of high quality, priority infrastructure.



## Capacity

Improved skills and capacity to plan, build and maintain quality infrastructure.

Joint  
decision-  
making

## SIIP JOINT STEERING COMMITTEE

Assess projects and review progress.

## SIIP JOINT TECHNICAL LEADS

Permanent Secretary MNPDC and Counsellor Economic, Australian High Commission provide technical inputs and oversight.

## SIIP HUB

Manages project implementation, stakeholder engagement and provides technical expertise to ensure projects and capacity building are delivered to a high standard.

# SIIP Guiding Principles

## Our guiding principles

All SIIP activities are guided by five principles:



**Alignment:** with the development objectives of both Solomon Islands and Australia



**Inclusive:** of gender, disability and geographically spread (rural/provincial) across Solomon Islands



**Strengthening climate change and disaster resilience:** integrated into infrastructure planning, design and delivery



**Local content:** infrastructure that supports the local economy, strengthens local industry and practices, and enhances workforce capacity and participation



**Safety and quality:** strengthening policies and practices.



## Local Content

"**Local content** is central to every decision SIIP makes – from deciding what investments to make, to how infrastructure should be *planned, designed, procured, built, maintained and operated.*"





Local Content

SIIP Local Content Policy

SIIP Local Content Strategy

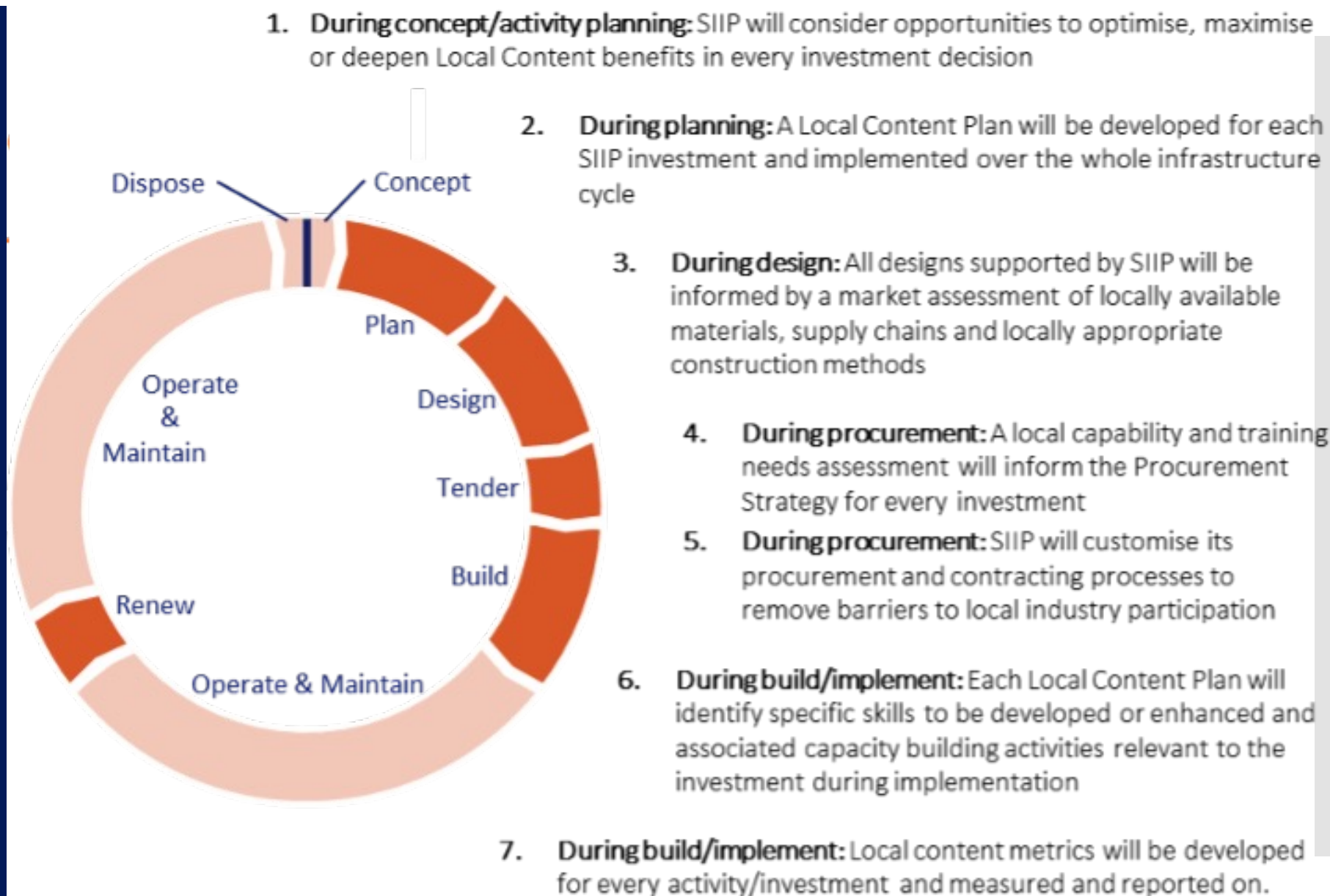
Local Content  
Activity Plans

Local Content  
Activity Plans

Local Content  
Activity Plans



# Local content across the infrastructure lifecycle



Tony Telford,  
SIIP Deputy  
Team Leader -  
Infrastructure

- Current SIIP Contracts
- Subject of Contracts – what is it for?
- Type of Contracts

# Current SIIP Projects



## Provincial Markets Redevelopment Project

Construct, redevelop, improve provincial markets at Buala, Malu'u & Seghe.

*Design contracts awarded for markets design*



## Noro Port Redevelopment

Feasibility and design studies

*Tender submissions for minor advance works being evaluated.*



## Naha BUHC

Construct new urban health facility

*Launched Jan*

*Tender for Demolition of previous works in March*



## Provincial Airports Upgrade Project

Funding only support for Taro and Seghe airfields upgrade.



## Buala Wharf

Steering Committee approval to replace Buala Wharf.

*MID design review and due diligence activities underway.*

## Subject of Contracts – what is it for?

- Goods or Services
- Services Contracts can be
  - Design, or
  - Build, or
  - Design and Build

## Types of Contracts

- Simple bill of quantities
- Schedule of Rates, based on BoQ
- Lump Sum, based on BoQ
- Monthly payments or Milestones

# Bill of Quantities example

#	Deliverable	Number	Rate (SBD)	Lump Sum Cost (SBD)
1	Attendance by Company reps at SIIP safeguards/HSE training for 4 hrs	1	Lump sum	
2	Preparation and Submission of Health and Safety Plan and Methodology for Approval by SIIP.	1	Lump sum	
3	Site Visit #1 – to meet with SIIP and finalise works procedures.	1	Lump sum	
4	Site Visit # 2 - completion of all site clean-up works – including all arising cut waste material removal from site. Include for legal discharge of all waste cuttings etc.	1	Lump sum	
5	Monthly Site Visit to maintain initial clean-up works – including for legal discharge of all waste cuttings, litter etc. – 6 months x 2days/month	12 days		
6	Travel Costs (Fuel, Insurance, vehicle costs)	22 days		
	<b>Table 1 Total =</b>			

# Contract Delivery Process

Ken Munro  
Contracts and  
Procurement  
Specialist , SIIP

- Client – SIG, DFAT, ADB
- Funder- SIG, DFAT, ADB
- Stakeholders – Client, Funder, Community
- Aims - Scope, Future Use, Client's priorities.
- Implementation – Design and Delivery
- Procurement – Making things happen.



## How contracts are made

- Engage Consultant/Designer
- Prepare tender docs with detailed designs, specifications, drawings, BoQ, evaluation criteria and Conditions of Tender/Contract
- Approach market with tender doc - advertise
- Offer a pre-tender meeting
- Tender to be submitted by closing date/time
- Prepare Tender Evaluation Report (TER)

## How contracts are made

- TER approved by senior management
- TER recommendation accepted by Donor/CTB
- Notification of Award - Letter of Acceptance  
(Standstill period?)
- Signing of Contract Agreement
- Prerequisites before contract can start -  
securities, insurances, LCIPP confirmed

## How contracts are made

- Prepares concept designs, then tender docs with detailed designs, specifications, drawings and BoQ
- Undertakes procurement of main contractor
- Provides the Engineer for site supervision, contract management and contract administration
- Certifies payments to Contractor

## Engineer appointed by Client to Manage

- Ensure the Contractor is doing the work correctly, safely and in a timely manner
- Delegates authorities to Works Supervisors
- Issues Site Instructions & letters to the Contractor
- Checks and approves/declines claims for variations for increased costs or extensions of time
- Checks and approves the Contractor's monthly invoices
- Prepares progress reports to Client

## How contracts are managed

- Two parties: Contractor + Client
- Establish relationship with Engineer
- Prepare Management Plans – TMP, EMP, QP
- Prepares Work Program
- Establish community liaison prior to start
- Prepares progress reports to Engineer

## Inside a Contract

*Reference is the SIG PCAM Aug 2022*

- General & Special Conditions of Contract
- Role of the Engineer & Obligations of the Contractor
- Communications protocols, community liaison
- Quality control – inspections, audits
- Cost control – variations, payments, tax, LDs, retentions
- Taking over
- Dispute procedures

# Client Mandated Conditions

DFAT is the Client on SIIP – some special rules:

- Commonwealth Procurement Rules
- Local Content Strategy = LCIPP in tender/contract agreement
- Due Diligence Assessments
- Social safeguard policies: GEDSI, Child Protection, PSEAH
- Insurance coverage – PL, PI, Worker's Compensation

# Morning Tea Break



## Introduction

Adam Searancke  
(Solomon Water)

Adam Searancke

15 + Years experience

Consultant, Client and Contractor

Contract Management under a  
number of Contracts across the Civil  
Engineering industry

6 Years in Solomon Islands

# Presentation Outline

Why Contracts

What's included in a Contract

How does a Contract provide certainty

Parties to the Contract and Commercial  
arrangements

Site Management / In Contract considerations

Traps and Tricks

How to find out about future works

## What can be a contract

- A contract can be as simple as a conversation and a handshake
- The two key components are an offer and acceptance.
- But this is not suitable for complex work normally Contracts have considerably more detail

Example



## So why contracts?

- Allows certainty on both sides about exactly what is required,
- How those outcomes will be achieved
- When we know the job is finished
- When will payment be made

How does a  
Contract  
Provide  
Certainty?

To understand how a contract provides certainty it is important to know what is included in a contract

Parts of a  
contract –  
what is  
included in a  
contract

- Conditions of Tendering/  
Instructions to Bidders

(Covered elsewhere and could be  
considered as part of Procurement)

- Some form of acceptance (LOA)
- Conditions of Contract
  - General Conditions of Contract
  - Particular Conditions of Contract

# Parts of a contract – what is included in a contract

- Drawings / Specifications - aka Employers requirements
  - General and Specific to a Contract
  - Standards
  - Laws
  - Codes of Practice
- Bidding Clarifications
  - Notices of bidders
- Very important if you have based your bid on something you want to ensure it is in there
- Other information
  - UXO survey
  - Geo technical reports
- Anything else??



## Contracts - What is not included?

- Your bid?
- Tags / Clarifications / Exclusions
- Discussions
- Very common to sign or initial every page
- It is expected that you know and understand the requirements

# Contracts Types vs Forms

- Types Vs Forms
- When do we use the various different types and forms
- What do Solomon Water use and what might you see commonly in the Solomon Islands?

## Parties to the Contract and Commercial

- The difference between a Sub Contractor and Joint Venture Partner
- The relationship between a Head and Subcontractor

## Contracts Admin/ Onsite

- Health, Safety Quality and Environmental
- Instructions?
- Variations?
- Compensations Events
- Extension of time arising from variation

## Contracts Admin/On Site

- Advance warning
- Valuing of variation (or compensation events)
- The contractor can make a calculation or may be asked to make a calculation
- PM/Engineer/Supervisor calculated
- Disputes

## Tips and good practice

- Keep documentation, original contracts etc
- Understanding pass through of risk - head contractor to sub contractor
- Not raising issues as they arise hoping for a wash up at the end
- Keeping and notifying changes in writing
- Keeping site records to verify program or costs (rain or variations)
- Keep drawings on site / building to them
- Health and Safety
- Not pricing the full scope
- Understanding the Payment schedule - for cashflow and payment purposes

Working  
with Solomon  
Water

How do I know what work is  
coming up?

## Quiz

Name 3 things you might find in a Contract (sections)

Name 3 parties in a Contract

Name 2 types of Contract

How might a variation be valued?



# Local Contracts Perspective

Ricky Fuo'o  
Managing Director  
Tropical Group  
Builders (TGB)

- Shared experience of a Local Contractor:
  - Requirements of the tenders - financial capacity, assets and standards
  - Company workforce – experience and qualifications
  - Pool of Project Managers
  - Technical support
  - High cost of logistics, suppliers – supply chain
  - Being subcontracted
- Suggested Training Needs
  - Occupational Health and Safety (OHS)
  - Project Management – work schedule, reporting
  - Certified training courses

# Questions and Answers Time and Feedback Forms

Stay in contact  
with SIIP

Website: [www.siip.com.sb](http://www.siip.com.sb)

- Information and reference materials
- Please 'like' social media pages on Facebook, LinkedIn & Twitter
- Register for SIIP *Talem* – enewsletter
- Local firms willing to partner with overseas regional firms are encouraged to register with SIIP

# Local Companies for Infrastructure Partnerships

## Registration

## SIIP LOCAL COMPANY REGISTER

- The Solomon Islands Infrastructure Program (SIIP) is establishing a register of local Solomon Islands building, engineering and supply contractors and consultants willing to partner with eligible regional companies to deliver Solomon Islands infrastructure priorities.
- Registration is free. The register aims to increase local content opportunities for local business. SIIP will use the register to connect local and regional companies during calls for tenders – connecting local expertise and creating infrastructure partnerships.

## HOW TO REGISTER

- Scan the QR code or visit [siip.com.sb/industry-opportunities/](https://siip.com.sb/industry-opportunities/)
- Complete online Company Register form
- Email [skills@siip.com.sb](mailto:skills@siip.com.sb) for any queries



SOLOMON ISLANDS  
**INFRASTRUCTURE  
PROGRAM**

Thank you