

AS 2124—1986

with

AS 2125—1986

AS 2127—1986

(Incorporating Amendment No. 1)

Australian Standard<sup>®</sup>

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**GENERAL CONDITIONS OF  
CONTRACT (AS 2124—1986)**

together with

**GENERAL CONDITIONS OF  
TENDERING AND FORM OF TENDER  
(AS 2125—1986)**

**FORM OF FORMAL INSTRUMENT OF  
AGREEMENT (AS 2127—1986)**

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This Australian standard was prepared by Committee OB/3, General Conditions of Contract. It was approved on behalf of the Council of the Standards Association of Australia on 29 April 1986 and published on 14 July 1986.

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The following interests are represented on Committee OB/3:

Association of Consulting Engineers, Australia  
Australian British Trade Association  
Australian Electrical and Electronic Manufacturers Association  
Australian Federation of Construction Contractors  
Australian Institute of Quantity Surveyors  
Australian Mining Industry Council  
Building Industry Specialist Contractors Organization of Australia  
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## PREFACE

These editions of AS 2124, AS 2125 and AS 2127 (bound together) were prepared by the Association's Committee on General Conditions of Contract to supersede AS 2124—1981, AS 2125—1981, AS 2126—1981 and AS 2127—1981. In these 1986 editions, AS 2125—1981 and AS 2126—1981 have been amalgamated and revised and issued under the designation AS 2125.

NOTE: Bound with the 1981 editions of the above standards was AS 2128—1981, Progress Certificate, but with effect from the date of publication of these 1986 editions AS 2128 is withdrawn.

*This Standard incorporates Amendment No. 1 (October 2000). The changes required by the Amendment are indicated in the text by a marginal bar and amendment number against the clause, note, table, figure or part thereof affected.*

Standard conditions of contract currently available including those in this group of standards and applicable to a wide variety of engineering and construction contracts including supply of equipment with or without erection, are—

AS 2124—1986	General Conditions of Contract
AS 2125—1986	General Conditions of Tendering and Form of Tender
AS 2127—1986	Form of Formal Instrument of Agreement
AS 2545—1986	Subcontract Conditions (compatible with AS 2124—1986)
AS CZ20—1970*	Conditions of Contract for the Supply of Electrical and Mechanical Equipment, Plant and Machinery without Erection
AS CZ21—1973*	Conditions of Contract for the Supply and Erection of Electrical and Mechanical Equipment
AS CZ23—1970*	Conditions of Tendering for use with AS CZ20 and AS CZ21
AS CZ24—1970*	Form of Formal Instrument of Agreement for use with AS CZ20 and AS CZ21
AS CZ25—1970*	Payment Certificate (recommended for use with AS CZ20 and AS CZ21)

AS 2545—1986, Subcontract Conditions, has been specially prepared as to be compatible with these editions of AS 2124 to AS 2127 and is therefore recommended for use in subcontracts under main contracts for which these editions are to be used.

In the preparation of this edition of AS 2124, the structure of the National Public Works Conference General Conditions of Contract, Edition 3 (1981), has been adopted in an attempt to unify AS 2124—1981 and NPWC 3—1981, General Conditions of Contract.

There are many changes in this edition from the previous 1981 edition and *attention is invited to the following important changes:*

(a) Alternative clauses are included for:

- (i) Clause 4.1, Purpose of the Bill of Quantities;
- (ii) Clause 5.9, Interest on Security and Retention Moneys;
- (iii) Clause 10, Insurance of the Works;
- (iv) Clause 19, Public Liability Insurance; and
- (v) Clause 42.4, Unfixed Plant and Materials.

If the Contractor fails to state in the Annexure which alternative applies (or the preferred alternative is not otherwise shown in the Contract), the first alternative will be applicable (see Clause 1).

(b) The following clauses are prefixed by an asterisk:

- (i) Clause 5.6, Substitution of Security for Retention Moneys;
- (ii) Clause 5.7, Reduction of Security and Retention Moneys;
- (iii) Clause 8.7, Media Releases;
- (iv) Clause 10.6, Direct Payment of Designated and Nominated Subcontractors;
- (v) Clause 14.2, Payment where there is no variation;
- (vi) Clause 35.7, Limit on Liquidated Damages;
- (vii) Clause 35.8, Bonus for Early Practical Completion;
- (viii) Clause 36, Delay Costs; and
- (ix) Clause 45, Termination by Frustration.

These clauses are optional, and may be omitted in the Contract, as necessary, without making consequential amendments, but such omission should be clearly shown on the face of the Contract by striking out these clauses or indicating clearly elsewhere that they are not to apply.

\* In course of revision.

- (c) The prevailing practice of the use of Designated and Selected Subcontractors in addition to Nominated Subcontractors has been recognized in this edition in the new Clause 10, Designated, Selected and Nominated Subcontractors.
- (d) The 'Rise and Fall' clause in the 1981 edition (Clause 41) has been omitted. Where a rise and fall clause is to be applicable to any particular contract, an appropriate clause for this purpose should be prepared and included as a special condition.
- (e) Clause 12, Latent Conditions, is different from the corresponding Clause 12 in the 1981 edition and Clause 12.4 imposes a time bar in relation to claims.
- (f) Under Clauses 30.3 and 40.1, there is now power for the Superintendent to order variations to overcome defects or to assist the Contractor and under Clause 30.4 the Superintendent now has power to accept defective material or work.
- (g) Under Clause 35.5 last paragraph, a delay by the Principal or the failure of the Superintendent to grant a reasonable extension of time or to grant an extension of time within 28 days shall not cause the Date for Practical Completion to be set at large.
- (h) Under Clause 42.1, payment claims by the Contractor must include all amounts then due to the Contractor including claims for damages.
- (j) Under Clause 42.7, there is a time bar provision in relation to the final payment claim.
- (k) Clause 43 now applies to both workers and subcontractors.
- (l) Clause 44 applies to substantial breaches and spells out the requirements of a notice by the Principal or Contractor to the other party to show cause.
- (m) Clause 45, which is an optional clause, dealing with termination by frustration, is a new clause and did not exist in the 1981 edition.

Parts A and B of the Annexure have been amended in line with the changes in this edition. A standard form for Separable Position and an approved form of Unconditional Undertaking to comply with the requirements of Clause 5.3 have been included.

AS 2125—1981, General Conditions of Tendering and Form of Tender for Lump Sum Contracts, and AS 2126—1981, General Conditions of Tendering and Form of Tender for Schedule of Rates Contracts, have been amalgamated as AS 2125 and are applicable to both Lump Sum and Schedule of Rates Contracts.

AS 2127, Form of Formal Instrument of Agreement, has been simplified.

AS 2128, Progress Certificate, has been omitted.

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**WARNING**

Legislation has come into force in some jurisdictions dealing with security of payments. Parties intending to use this Standard should seek expert advice as to their rights and obligations under such legislation.

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# AUSTRALIAN STANDARD

## GENERAL CONDITIONS OF CONTRACT

NOTE: Clauses prefixed by an asterisk can be omitted without making consequential amendments.

### 1 CONSTRUCTION OF CONTRACT.

The Contract shall be governed by and construed with reference to the laws for the time being in force in the State or Territory named in the Annexure.

Unless otherwise provided, prices are in Australian currency and payments shall be made in Australian currency at the place named in the Annexure.

Communications between the Principal, the Superintendent and the Contractor shall be in the English language.

Measurements of physical quantities shall be in Australian legal units of measurement within the meaning of the Weights and Measures (National Standards) Act 1960 as amended from time to time.

Where provisions in the General Conditions of Contract are expressed to be alternatives and the Contract fails to state which alternative applies, the first alternative shall apply.

### 2 INTERPRETATION.

In the Contract, except where the context otherwise requires—

‘Bill of Quantities’ means a document named therein as a Bill of Quantities issued to tenderers by or on behalf of the Principal, stating estimated quantities of work to be carried out;

‘Constructional Plant’ means appliances and things used in the execution of the work under the Contract but not forming part of the Works;

‘Contract Sum’ means—

- (a) where the Principal accepted a lump sum, the lump sum;
- (b) where the Principal accepted rates, the sum ascertained by calculating the products of the rates and the corresponding quantities in the Bill of Quantities or Schedule of Rates;
- (c) where the Principal accepted a lump sum and rates, the aggregate of the sums referred to in paragraphs (a) and (b)

including provisional sums but excluding any additions or deductions which may be required to be made under the Contract;

‘Contractor’ means the person named to execute the work under the Contract;

‘Date of Acceptance of Tender’ means the date which appears on the notice in writing of acceptance of the tender;

‘Date for Practical Completion’ means:

- where the Annexure provides a date for Practical Completion, the date;
- where the Annexure provides a period of time for Practical Completion, the last day of the period;

but if an extension of time for Practical Completion is granted by the Superintendent, it means the date resulting from the extension of time.

‘Date of Practical Completion’ means the date certified by the Superintendent in a Certificate of Practical Completion under Clause 42.5 to be the date upon which the Works reached Practical Completion;

‘day’ means calendar day;

‘Drawings’ means the drawings referred to in the Contract and any modification of such drawings notified to the Contractor by the Superintendent and includes such other drawings as may from time to time be supplied to the Contractor by the Superintendent, or the use of which has been permitted by the Superintendent, for the purposes of the Contract;

‘month’ means calendar month;

‘person’ includes a firm or body corporate or unincorporate as well as an individual;

‘Practical Completion’ is that stage in the execution of the work under the Contract when—

- (a) the Works are complete except for minor omissions and minor defects—
  - (i) which do not prevent the Works from being reasonably capable of being used for their intended purpose, and