



Minor Works Contract

Guidance Note

The Minor Works Contract (the **Contract**) has been developed by the New Zealand School Property Agency (**NZSPA**) for the engagement of contractors for low-value construction projects. It is suitable for projects led by the Board of Trustees (**Board**). These guidance notes, together with the drafting notes in the Contract, are intended to provide guidance to Boards and to those managing projects on their behalf.

When to use the Minor Works Contract

Type of work:	Simple construction/building work (which can include work that requires a building consent and/or work that could compromise the weather-tightness of an existing building).
Value of work:	Up to \$100,000 excluding GST and disbursements.

Overview of the Minor Works Contract

The Minor Works Contract is made up of the following parts:

- **Contract Agreement:** This is the front section of the Contract. It lists the documents that form part of the contract, along with the “signature section”.
- **Schedule 1 – Reference Schedule:** This section requires you to fill-in details about your project.
- **Schedule 2 – Contract Terms and Conditions:** This section contains the terms and conditions.
- **Appendices 1 & 2:** This is where you will insert your drawings and specifications setting out the work to be carried out under the Contract.
- **Appendix 3:** This contains various insurance details.
- **Appendix 4:** This contains a template copy of the weathertightness warranty that may be required from the Contractor.
- **Appendix 5:** Here you can include any other documents that you may wish to form part of the contract.

When should you start preparing the Contract?

A draft copy of the Contract (including details of the work you require) should be prepared and issued as part of the quoting process. This will give the Contractor an opportunity to familiarise themselves with the terms of the Contract and enable them to more accurately prepare their quote.

The Contract should be signed before the Contractor starts work.

Preparing a Minor Works Contract

Before preparing the Contract, check that you have the most up to date version of the Contract available from:

<https://www.schoolproperty.govt.nz/property-projects/procurement-process-for-school-led-property-projects/step-4-award-the-contract>

There are certain key details that you need to cover-off in the Contract (even if you know and trust the person or company who you are engaging to do the work). Some of these key details are as follows.

The Principal:	The “Principal” is the legal entity who is engaging the Contractor to carry out the Works. On Board-led projects, the Principal is the Board.
The Contractor:	The Contractor is the legal entity who you are engaging to carry out the Works. It is important to identify the Contractor in the Contract by their full legal name to ensure there is no room for doubt about who the Contractor is. If the Contractor is a company (or some other legal entity such as a registered Limited Partnership) then their full legal name will be the name they have registered with the New Zealand Companies Office. You may be able to find their registered name by searching the New Zealand Companies Office website at: https://companies-register.companiesoffice.govt.nz/
The Works:	The Works are the works that are to be carried out by the Contractor under the Contract. You are required to insert a succinct description of the Works in Schedule 1 – Reference Schedule. You can include drawings and specifications in Appendix 1 and Appendix 2 to describe the Works in greater detail. Any other documents (such as a scope of work) can be included in Appendix 5.

Contract Price:	This is the amount you have agreed to pay for the Works. You are required to specify the amount in Schedule 1 – Reference Schedule.
Commencement Date & Completion Date	The Commencement Date is the date when the Contractor has to start work, and the Completion Date is the date by which the Contractor must complete the Works. Insert both these dates in Schedule 1 – Reference Schedule. It is important that both these dates are clearly recorded in the Contract.

Who can sign the Contract?

Only the Board (or someone formally authorised by the Board, at a Board meeting) can enter into a contract on behalf of the school.

If the Board authorises a consultant or other person to manage the building project, that Board decision should be recorded in the minutes for the Board meeting at which the decision was made.

When do we pay the Contractor?

The Contractor is required to submit a single payment claim when the Works are complete.

The Works are complete when the physical works have been completed and all warranties, documents and other information required by the Contract have been provided.

Limit to the Contractor's liability

The Contractor's liability to the Principal is limited to the amount stated in Schedule 1 – Reference Schedule. This is the maximum amount of compensation or damages the Contractor will have to pay if it breaches the Contract or carries out the Works incorrectly. By default, the amount is equal to the Contract Price.

In some situations, the Contractor's liability is not limited to this amount. These situations are set out in clause 7.3 in Schedule 2 of the Contract.

The limit to the Contractor's liability and the exclusions set out in clause 7.3 are standard for NZSPA-led projects and should be appropriate for most Board-led projects. Nevertheless, you should carefully consider whether the standard limit and exclusions are appropriate for your school and your project.

Contract works insurance

The NZSPA provides contract works insurance for state schools at a minimal cost. This insurance covers accidental loss and damage to the works being undertaken (including temporary works and off-site materials, subject to certain limits specified by the policy). It does not cover damage to existing property or contents. If your project involves a building or other asset that is, or will be, owned or partly owned by the Crown, then you must use the NZSPA's contract works insurance. If the project is wholly funded by the Board on a school site, you can choose to use the NZSPA's contract works insurance at no cost to the Board.

To obtain contract works insurance for your project, you must submit details of your construction contract via the NZSPA's insurance broker's website:

<https://www.schoolproperty.govt.nz/property-projects/contracts-and-insurance/contract-works-insurance-for-school-property-projects>

Insurance of existing structures

In Appendix 3, you are required to list any existing buildings that you have agreed to insure against construction-related damage. If you agree to list any buildings, you should let your insurance provider know about the construction work and check that your policy will cover damage resulting from construction activity.

Note that you should only list Board-owned buildings in Appendix 3; Crown-owned structures will not generally be covered by the Board's building insurance so should not be listed.

Contents insurance

Under the Contract, the Principal is required to insure its belongings in any structures that will be directly affected by or in the vicinity of the Works. You should ensure that your insurance provider is made aware of the construction work and that your insurance policy covers damage resulting from construction activity.

Weathertightness warranty

In Schedule 1 – Reference Schedule, you can require the Contractor to provide a weathertightness warranty. You should require a weathertightness warranty if the Works could cause weathertightness problems if they are not carried out properly (such as where the Works involve changes to the “building envelope” of a structure).

Asbestos handling, health and safety & weathertightness design requirements

The Contract includes standard NZSPA requirements for:

- **Asbestos Handling:**

<https://www.schoolproperty.govt.nz/day-to-day-management/hazardous-materials-and-substances/managing-asbestos-in-schools>

- **Health and safety**

<https://www.education.govt.nz/education-professionals/schools-year-0-13/health-and-safety/health-and-safety-responsibilities-schools>

- **Weathertightness design**

<https://www.schoolproperty.govt.nz/designing-school-property/requirements-for-school-design-in-new-zealand/weathertightness-design-standards-for-school-buildings>

Conflicts of Interest

The Contractor and all members of the Board are required to disclose any actual or likely conflicts of interest in writing before signing the contract. A conflict of interest includes any family or business relationship between the Contractor (including the Contractor's directors and senior managers) and any member of the Board or any staff at the school.

Storing your signed Contract

You should safely store the signed Contract (and all associated documents and correspondence) in case you discover any defects in the Contractor's work at a later date.

Questions?

Any queries about the Contract should be directed to the School Property Advisor in the first instance. If legal advice is required, the School Property Advisor will provide guidance on obtaining legal advice through the New Zealand School Trustees Association.