



AMCA POLICIES

STANDARD TERMS IN CONTRACTS

STATEMENT OF PRINCIPLE

The construction industry is project based where the final product is the result of a complex balance of risk management, expertise and in ideal circumstances it should be a win-win situation for all who contribute to each project. The outcome is built on a shared vision, driven by technical specification and design, underpinned by a legal document that reduces to words under some 50 headings, the legal and ethical terms by which the parties to a construction are to behave, having mutual regard for the prospect of an ongoing prosperous relationship.

The extent to which terms in contracts remain consistent from one project to another reflect the maturity of the relationship between the parties to the contract as potential legally binding variables are resolved.

AMCA supports standard terms in contracts as the legal basis for consistent ethical behaviour between the parties resulting in less confrontation on projects. In this way the team is able to perform having a consistent understanding of the behaviour required to achieve the project objectives.

AMCA further believes that risk should be allocated to those capable of managing that risk.

STRATEGIES

- While there is no strategy that suits all projects and all principals, standard contracts should be used as often as is possible.
- Standard contracts should only be amended to in response to unique circumstances or conditions on a particular project or site.
- The contract arrangement used on a project should allocate the risk to the party that is best able to manage and control that risk.
- Clean project documentation will make the standard contracts more attractive.
- Negotiation is the most appropriate method of resolving disputes. Contracts therefore should contain clear dispute resolution provisions.

AMCA is opposed to:

- Continuous adjustments to contractual terms which have the objective of transferring risk to parties least capable of managing that risk.
- Amendments to contractual terms that cause additional due diligence costs onto parties further down the line.

Disclaimer:

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