

ABFF 04

General Conditions of Contract for Work in
Property Management and Facility Management



svenskbyggjänst

Comments on this publication and suggested amendments and additions for inclusion in the next addition will be gratefully received by

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ABFF 04
General Conditions of Contract for Work in
Property Management and Facility Management

Translation of the original Swedish title: ABFF 04 Allmänna bestämmelser för entreprenader inom fastighetsförvaltning och verksamhetsanknutna tjänster

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Preface

General Conditions of Contract for Work in Property Management and Facility Management, ABFF 04, has been revised relative to ABFF 99, edition 2, primarily with a view to meeting the need for general conditions of contract that also cover facility management. There have also been a number of other adjustments and adaptations on the strength of experience gained during the period between 1999 and 2003.

The adaptation to facility management has resulted in texts that were previously worded to refer only to “management objects” now relating also to pure facility management.

The amendments made on the basis of experience include the following:

- the order of priority in Clause 3 is shortened to give all the documents in the basis for tender the same priority
- Clause 18 is adjusted to the conditions of supply of services so as to cover faults that cannot be rectified, e.g. cleaning that has not taken place
- Clause 23 on penalties is no longer connected to stage times but to departures from agreed times and performances
- a sanction provision has been introduced in Clause 27 with the effect that the client may become liable for compensation for additional work caused to the contractor as a result of a complaint being presented too late
- The concept of final check has been replaced by final status check with no essential change in its meaning.

The revision has been carried out by Attorney Pehr Jacobson, on behalf of the Aff Committee’s ABFF sub-committee.

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General Conditions of Contract

General Conditions of Contract for Work in Property Management and Facility Management. The document is based on a translation of – “ABFF04” (Allmänna Bestämmelser för Entreprenader inom Fastighetsförvaltning och Verksamhetsanknutna Tjänster – General Conditions of Contract for Work in Property Management and Facility Management).

In the case of discrepancies between information in, or the meaning of, the two versions, the Swedish ABFF04 version shall prevail over these General Conditions of Contract.

Extent of Contract

Contract Works and Contract Documents

1. The extent of the Contract Works is determined by the Contract Documents. The Contract Documents are mutually complementary unless the circumstances imply otherwise.
2. If the Contract Documents do not contain requirements or guarantees regarding function, fitness for use or qualities, the Works shall be carried out to such a standard that they correspond to what may be expected taking into consideration the client's description of the object on or in which the Total Works are to be executed, its utilisation and activities carried out therein.

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Discrepancies in documents

3. In the case of discrepancies between data or provisions given in the Contract Documents, their relative priority shall be as follows, unless the circumstances manifestly imply otherwise:

- 01 The Contract
- 02 “ABFF 04”
- 03 Aff-definitions
- 04 Order
- 05 Tender
- 06 Basis for Tender

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4. In the case of discrepancies between information or provisions given in any one of the documents or in any one group of documents specified in Clause 3, the item of data or provision shall apply that is least expensive to the contractor, unless the circumstances manifestly imply otherwise.

Responsibility for data etc.

5. The responsibility for the correctness of data, registers and documents rests with the party providing them.

Approval by the receiving party does not relieve the other party from the aforementioned responsibility.

- 5a If the client has instructed or required a certain measure, execution according to such description shall be regarded as complying with

contractual requirements. The contractor, however, is responsible for the general compliance of the Total Works with contractual requirements, unless the circumstances manifestly imply otherwise.

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Protection of ideas

6. Neither documents provided by the party inviting or submitting a tender, nor ideas and solutions shown therein, may be used by the other party, except in the relationship between the tenderer and the party inviting tenders, until Procurement has been completed.

Assumptions

- 7 Before submitting his tender, the contractor shall be assumed to have obtained sufficient knowledge of conditions where the Total Works are to be executed and to have obtained information to a reasonable extent on other conditions of importance for his tender.

The aforementioned does not limit the client's responsibility under Clause 5.

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Expert opinion

- 8 If, at the time of the submission of the tender, information regarding any particular condition in respect of the Object on or in which the Total Works are to be executed or other circumstances of relevance to the Total Works is lacking, this shall be deemed to be such as a qualified expert might have assumed, having due regard for the prevailing circumstances.

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Obligation to notify

- 9 A party shall notify the opposite party without delay if he finds:
- that discrepancies exist between data or directions given in the Contract Documents
 - that data given in the Contract Documents differ in essential respects from the actual conditions
 - that the Contract Documents are otherwise so imperfect or so designed that their use in the execution of the Contract Works would be inconvenient or inappropriate
 - that documents or data supplied or instructions issued during the Contract Period differ from the Contract Documents or
 - that circumstances of significance to the Total Works are changed or added.

If a party does not fulfil his obligation to notify as mentioned above, he shall be liable for the loss caused.

Materials etc.

- 10 Unless otherwise stated in the other Contract Documents, the Contract Works do not include Utilities, Consumables or other goods and materials.

Notifications, licences etc.

- 11 Unless otherwise stated in the other Contract Documents, the contractor attends to and pays for necessary notifications concerning the execution of the Total Works and reaches necessary agreements with authorities, tenants and other parties affected by the Total Works concerning the way in which they are executed.

Statutes

- 12 The contractor is responsible for compliance with statutes, rules and standards as far as his undertaking is concerned. If such statutes, rules or standards are extended or replaced, they shall apply in accordance with their new wording.

If the contractor's obligation to comply with statutes, rules and standards entails work in excess of what the contractor ought reasonably to have assumed, reasonable compensation for the work shall be paid.

Confidentiality

- 13 Each party is, unless otherwise provided by law, under an obligation of Confidentiality regarding business and operating matters or other internal matters, if it can be expected that either party or a third party will suffer loss if the information is divulged. Even if the Agreement no longer remains in force, each party is obliged to maintain Confidentiality.

Each party shall, by means of agreements on Confidentiality with its staff or others, or by other measures, ensure that Confidentiality is observed.

Execution

Quality requirements

- 14 The undertaking shall be carried out in accordance with the Contract Documents and with any other documents and instructions, which, before the expiry of the Contract Period, have been delivered in order to complete and clarify the Contract Documents. If, in a certain respect, there is no Specification of quality, the Work shall, in this respect, be of the same standard as the other Works. The contractor shall carry out his undertaking in a professional manner. This does not limit the client's responsibility in accordance with Clause 5.
- 14a If, after the acceptance of the contractor's tender, the client has approved a solution proposed by the contractor, execution according to such a proposal shall be regarded as complying with contractual requirements, provided that the proposal does not change what was previously agreed, or that such a change has been specially agreed. The contractor is, however, responsible – unless the circumstances clearly imply otherwise – for the compliance of the concerned Function with the contractual requirements as far as functioning is concerned and for general compliance of the Total Works with the contractual requirements.

Status check

- 14b Unless otherwise stated in the other Contract Documents, the client and the contractor shall, before the commencement of the Total Works, together carry out a Status Check.

A Status Check may be requested by either party and a record of it must be made.

Alterations and Additions

- 15 If, after the signing of the Contract, the client has prescribed or otherwise required Alterations or Additions which the contractor regards as reason for a request for extra payment, the contractor shall, without unreasonable delay, and before the start of the Work, notify the client of this. If the contractor has not complied with the above duty of notification, he may not be granted special payment, unless this would be manifestly unreasonable.

Comments: page 18

Organisation

Representation and Supervision of the Work

- 16 Each party shall appoint a representative for the Total Works. The representative shall be authorised to represent his employer with binding effect in matters regarding the Total Works and to enter into financial and other agreements.

The contractor shall provide competent supervisory staff, and is solely authorised to manage the execution of the Total Works.

Monitoring

- 17 The client monitors the execution of the Total Works as he deems suitable. Such Monitoring does not relieve the contractor of any of his responsibilities under this Contract. Inspections will be made in order to examine the contractual execution of the Total Works. Deviations will be recorded as faults in an inspection report.

- 18 Faults recorded in the course of Monitoring shall be reported in writing without delay to the contractor, who shall immediately take the necessary action. Should the contractor fail to do this and fail to rectify the faults following a reminder, the client shall have the right to take the necessary steps to rectify the faults at the contractor's expense.

If a Fault cannot be rectified, or time for such rectification is not available, the client will be entitled to a price reduction corresponding to the cost of rectification, although at least a sum corresponding to the saving the contractor has achieved by his faulty execution.

Employer's responsibilities

- 19 Each party is the employer of the persons who are paid by him, and shall thus observe statutory obligations concerning these.

Contract Meetings

20 Each party has an obligation to attend Contract Meetings via a representative authorised in accordance with Clause 16. Contract Meetings shall be held to the extent stated in the Contract Documents or when called for by any of the parties. Contract Meetings shall concern matters common to the parties. The client will take the minutes of the Contract Meetings and the contractor will approve the minutes, unless otherwise agreed.

The requirement that responses and information between the parties should be in writing is satisfied by a note in the minutes of a Contract Meeting.

Times

Time schedule

21 The contractor shall perform his undertaking according to a time schedule agreed upon between the parties.

Obstacles

21a The contractor is entitled to make any necessary adjustments to times specifically stated in the Contract if he is prevented from performing certain Contract Works due to one or more of the following circumstances:

- 1 carelessness or negligence on the part of the client
- 2 carelessness or negligence on the part of an Other Contractor or another party for whom the client is responsible
- 3 meteorological or water level conditions that are unusual for the region and that unfavourably affect the Works
- 4 other conditions not caused by the contractor, which the contractor ought not to have had to take into account and the unfavourable impact of which he could not reasonably have been expected to avoid.

When obstacles according to items 1 and 2 of this paragraph arise, the contractor shall be entitled to compensation for expenses caused thereby. When other obstacles stated in the first paragraph arise, the contractor shall not be entitled to any extra payment.

21b A party shall without delay inform the other party in writing of circumstances that the party has realised or should have realised to be obstacles to the execution of particular Contract Works.

If either party neglects to provide the other party with such information, the party shall not be allowed to plead such circumstances unless the other party has realised or should have realised the same, and the circumstance affects the time schedule.

Accounting

22 The contractor shall, not later than the length of time in advance of the expiry of the Contract Period that is prescribed in the Contract Documents, supply the client with such documentation as is required

for continued management or supply of services. If such documentation is specially produced by the contractor at the client's request, the client shall pay reasonable compensation. Documentation provided by the client shall be returned as soon as possible on request.

After the Agreement has expired, the project accounting prescribed in the Contract Documents shall be handed over to the client not later than three months after the expiry of the Agreement. Objections to accounts rendered must be submitted not later than three months after the date when the client received the accounts. Otherwise, the accounts shall be deemed to have been approved.

Liabilities

Penalties

- 23 If the contractor deviates from agreed performance or times, he shall pay a penalty to the client if this has been stated in the Total Works Documents. Except for such an agreed penalty, the client is not entitled to any damages.

Liability during the Contract Period

- 24 Each party shall be liable for loss caused by omission or insufficient care on his part with respect to the Facilities, goods or materials supplied to him by the other party.
- 25 The same liability applies to Alterations or Additions as to the Contract Works.
- 26 During the Contract Period, the contractor is liable for Faults in the Total Works. However he is not liable for Faults caused by the client. Nor is the contractor responsible – except concerning Facilities – for Faults in the Total Works due to war, riots, natural disasters or other comparable circumstances.

Faults shall be rectified by the contractor or settled in accordance with Clause 18.

Complaints

- 27 Complaints of Faults shall be submitted in writing, without delay, after the client has noticed or should have noticed the Fault.

The client is liable to compensate for the additional costs caused to the contractor by the lateness of complaints.

Liability for loss

- 28 If the contractor is liable for a Fault he is also liable for damage caused to the Total Works by the Fault.
- 29 Each party shall indemnify the other party for loss that is not covered under the provisions of Clauses 24–28 above, if he has been careless or negligent or if the loss is due to Faults for which the party is liable. The liability to indemnify shall be limited to 15% of the Contract Price or such higher amount, plus any excess, as may be payable from the insurance of the liable party.

The limitations of the liability, which may follow from this Clause, shall not apply when a party has been guilty of gross negligence.

Third parties

- 30 The contractor is, in relation to the client, liable for the latter's liability for damages to third parties resulting from the Total Works.

The contractor is, however, not liable for damages under the previous paragraph if he can show that he could not reasonably have prevented or limited the loss.

The client is, in relation to the contractor, liable for the statutory liability of the contractor for damages to a third party if the contractor can show that he could not reasonably have prevented or limited the loss.

Claim for damages

- 31 Claims for rectification, price reduction, penalties or other damages shall be made to the other party in writing, not later than three months after the delay, Fault or loss was discovered.

Insurance

- 32 Unless otherwise stipulated in other Contract Documents regarding the insurance of the parties, the following shall apply.

The contractor shall have liability insurance during the Contract Period.

The insured amount shall be a minimum of 200 Price Base Amounts. The deductible excess shall be no more than one Price Base Amount. Furthermore, the contractor shall also, in so far as within his undertaking he handles the client's funds, have an insurance policy for protection against financial crime.

The contractor shall continuously furnish the client with evidence of the existence of agreed insurance.

Force majeure

- 33 The contractor is not obliged to complete the Contract Works if doing so is prevented by industrial dispute, regulations issued by authorities, war, mobilisation, rebellion, riot, or other similar circumstances that the contractor cannot control and could not have been expected to foresee, and the client is not entitled to compensation from the contractor or from other contractors appointed by the contractor, or from any other party for which the contractor directly or indirectly may be considered liable.

Finance

Payment

- 34 The Contract Price refers to the payment for the Contract Works. When Alterations or Additions are carried out, an adjustment of the Contract Price shall be made by balancing the costs of Work added and Work excluded. Such adjustment shall be made without delay, if possible before the carrying out of the Alterations or Additions.

- 35 The value of Alterations or Additions shall, if the parties do not agree on an applicable Unit Price or otherwise reach separate agreement, be calculated as follows:
- 1 the value of Work added shall be determined according to the prime cost principle (costs plus overhead and profit) in the manner set out in Clause 36
 - 2 the value of Work excluded shall be determined to be the amount to which the Work is included, or is estimated to be included, in the Contract Price.

Costs plus overhead and profit

- 36 According to the prime cost principle, the following shall be paid for:
- 1 cost of materials and goods
 - 2 cost of superintendence
 - 3 cost of labour
 - 4 cost of Facilities
 - 5 cost of subcontracts
 - 6 cost of insurance against the contractor's risks and fees payable according to law and to corporate organisations
 - 7 other costs not specified in items 8 and 9 below
 - 8 contractor's fee, including costs of interest and central administration, calculated as a percentage - specified in the Contract - of the costs under items 1-7 above, exclusive of value added tax
 - 9 contractor's fee, calculated as a percentage - specified in the Contract - of the costs under items 1-7 above, exclusive of value added tax, for work, Facilities, materials or goods provided by the client.
- 37 When the prime cost principle is used the following shall apply:
- 1 the contractor shall fulfil his obligations in such a manner that the client obtains the best technical and financial result
 - 2 in order to simplify debiting and checking, certain costs may be calculated as a percentage of other costs or on the basis of hours worked, or with the guidance of Unit Prices or other rules for charging
 - 3 discounts received shall be credited to the client
 - 4 in connection with the procurement of materials and goods and the negotiation of subcontracts, tenders shall, as far as possible, be invited from several suppliers or contractors; procurement shall be made on terms as favourable to the client as the circumstances allow
 - 5 the client shall be entitled to examine the originals of all vouchers as far as they relate to the Works in question here.

VAT

- 38 The client shall, in addition to the Contract Price, compensate for VAT thereon.

Payment Plan

- 39 The Contract Price shall be paid according to the Plan for Payment, and against an invoice.
- If no Plan for Payment exists, the contractor shall be entitled to receive, monthly against an invoice, a partial payment of the Contract Price equivalent to the value of Contract Works carried out.
- 40 Alterations and Additions are continuously settled via debiting or crediting.

Invoices

- 41 Work specified in invoices shall have been completed when invoicing takes place, unless otherwise stipulated.

Unless otherwise stipulated in other Total Works Documents, invoices shall be paid within 30 days of receipt.

If the parties disagree about any part of an invoice, the undisputed amount shall nevertheless be paid within the time specified.

The client shall be entitled, pending a final decision, to retain from the final payment a reasonable sum in respect of claims for penalties, liquidated damages, and other claims in respect of the Contract or other contracts between the Parties, plus a sum adequate for the rectifying of Faults.

Penalty Interest on Arrears

- 41a If payment is not made on time, a party may, from the day of maturity, include penalty interest on arrears under the Interest Act, unless otherwise stipulated in the Contract Documents.

Period of limitation

- 42 Any claims of the contractor in connection with the Total Works must, in order to be valid, be presented not later than six months after the completion of the Total Works, although not later than three months after the accounts prescribed in Clause 22, second paragraph, have been submitted.

Security

- 43 If, according to the Contract Documents, a party is required to provide security for his obligations, such security shall be delivered to the other party within two weeks from the signing of the Agreement.

The security shall be returned immediately after the party's fulfilment of his obligations according to the Agreement.

Final Status Check

Final Status Check

- 44 If stipulated in the Contract Documents or called for by either party, a Final Status Check will be carried out by a suitably qualified person selected and paid for by the client. The Final Status Check will be documented in a report.
- 45 At a Final Status Check, with careful consideration of the parties' best interests, the extent to which the object on or in which the Contract Works have been executed and/or services delivered satisfies the contractual requirements shall be examined. Deviations from this shall be noted in the inspection report.
- The contractor's liability for Faults is covered in Clauses 18 and 24–29.
- 46 The contractor, or his representative, shall be called to attend the Final Status Check by the client.

Cancellation and revocation

Cancellation

- 47 Unless otherwise prescribed in the other Contract Documents, the client has a right to fully or partially cancel Contract Works not carried out. In the event of such a cancellation, the contractor is entitled to compensation for Work carried out, accrued costs, close-down costs and compensation for loss of profit for such Contract Works as, due to the cancellation, will not be carried out.

Revocation

- 48 Either party may, with immediate effect, revoke the Agreement regarding the remaining part, if the other party to a material extent disregards the provisions thereof, and the matter is not rectified within 30 days after a written complaint has been sent to the party concerned. Notice of revocation shall be given in writing.

Either party has a right also to revoke the Agreement if the other party is declared bankrupt or can otherwise be regarded as insolvent to such an extent that he cannot be expected to perform his duties and if satisfactory security for the proper fulfilment of the party's contractual obligations is not immediately arranged when requested.

Dispute

- 49 Disputes arising from the Contract shall be settled in court if the dispute obviously does not exceed fifteen Price Base Amounts. Such a sum does not include penalty interest on arrears or court costs.
- Price Base Amount refers to the Price Base Amount when proceedings are brought.
- 50 Disputes concerning a higher amount than stipulated in Clause 49 shall be settled by arbitration in accordance with the Swedish Arbitration Act applying Swedish law. In the arbitration proceedings, the voting rules of the Code of Judicial Procedure shall apply.

- 51 Notwithstanding the provision in Clause 50, either party shall have the right to refer to a public court or an authority any undisputed, mature claim in respect of the Total Works.
- 52 The fact that a dispute has been referred for judicial settlement shall not entitle the contractor to suspend the Total Works. Nor shall the client, for such a reason, be entitled to retain any sum that is not directly affected by the dispute or to otherwise neglect to carry out his obligations.

Definitions

“ABFF04” Allmänna Bestämmelser för Entreprenader inom Fastighetsförvaltning och Verksamhetsanknutna Tjänster - General Conditions of Contract for Work in Property Management and Facility Management.

Agreement: A binding arrangement between two or more parties.

Alteration: Alteration to the Contract Work, even if including deductible Work only.

Consumables: Material or items that must be replaced or replenished at least once a year.

Contract: A document that has been signed by the parties and shows the arrangement reached between the parties.

Contract Documents: The Contract together with the documents that are attached thereto or that are referred to therein as applicable to the Contract Works.

Contract Meeting: Meeting concerning the progress of the Works in relation to the Total Works Contract and for taking decisions and giving information.

Contract Price: Total payment for the Contract Works specified in the Contract, during the term of validity of the Contract.

Contract Work: Work which, according to the Contract Documents, is included in the contractor’s undertaking.

Demarcation list: Document stipulating the allocation of duties between contractor and client and the forms of compensation for performing these duties.

Facilities: Resources over and above work performed that are required for the execution of the Total Works but are not a part of the work result.

Fault: Deviation from contract implying that part of the Total Works has not been executed or has been executed in a manner not in accordance with the Contract.

Inspection: Check in order to establish whether in one or more respects an object or service meets the stipulated requirements.

Plan for Payment: Document prescribing the manner in which payments shall be made.

Quality: All the characteristics of an object or a service, which in combination provide its ability to meet expressed or implied requirements.

Specification: Document containing requirements for functionality and quality of Work included in the Total Works.

Status check: Examination carried out to ascertain the condition and functionality of an object or a service.

Statute: An act, ordinance or other binding regulation according to Chapter 8 of the Swedish Constitution Act (Regeringsformen).

Total Price: The Contract Price adjusted with regard to additions and deductions and, where applicable, an amount in respect of index-linked payment.

Total Works: The Contract Works together with any Alterations and Additions.

Total Works Documents: The Contract Documents together with the documents applying to the Total Works that are added during the Contract Period.

Unit Price: Price for a unit, which can relate to work performed, material, goods, Facilities or a combination of these, i.e. Work.

Work: Work performed and Facilities utilised therewith and, when such has been agreed, material and goods.

Comments

These comments form an integral part of ABFF04 and shall provide guidance when interpreting and applying concerned conditions.

Comments to Clause 2

As the contractor performing a Management Contract is responsible for the determination as well as the scope of the undertakings whose final result is to correspond to the client's specified demands, the contractor is required, where functions are not explicitly expressed in measurable terms, to carry out his undertaking to such standards as the client can reasonably expect in the light of the way the client has generally described the Management Object where the Total Works are to be executed, its utilisation and the activities carried on therein. It is thus not what is known as the lowest cost principle that is to regulate the undertaking in such situations. The application of the rule assumes that the client has stated what is to be done, but not the quality level of the final result. Thus, the contractor's undertaking may also include actions which are not explicitly stated, but which, in view of the agreed result or other circumstances, must be regarded as included in the contractor's undertaking.

Comments to Clause 3

Whenever the client in his special directions ("Särskilda föreskrifter") includes a provision that deviates from what is stated in ABFF04, such a provision or information, provided that the deviation is obvious, is an expression of circumstances that obviously give rise to a different order of priority between the Contract Documents from that listed in this provision. If the contractor does not make a reservation for this and an agreement is thus made without having the deviation included in the Contract or order, the deviation included in the special directions will, unless exceptional reasons imply otherwise, prevail, departing from the order of priority rule.

It is thus exceptionally important for a provision deviating from ABFF04 to be clearly formulated. Otherwise, the main provision about the order of priority between the contract documents will prevail.

Comments to Clause 5a

The meaning of this Clause is that the contractor has no responsibility for functionality in respect of specified actions prescribed by the client. On the other hand, it is part of the contractor's undertaking to adapt his solutions in a professional manner to what the client has prescribed.

This means that the contractor must analyse the consequences of the actions required by the client with relation to the Management Object in general. Thus, the contractor cannot avoid liability for Faults in the Total Works in general, solely by pleading that the Fault is ultimately due to the client's demands.

Nor is the contractor liable for consequences that a professional could not have foreseen.

Comments to Clause 7

The rule is based on the assumption that the Basis for Tender is complete. Nevertheless, the tenderer is often required to visit the Management Object on or in which the Total Works are to be executed before submitting a tender. The rule is intended to ensure that the tenderer when visiting during the tender period has to obtain knowledge of the conditions for carrying out the Contract Works, not to decide on the extent of them. With the last sentence of the rule it is emphasised that the tenderer's visit to the site shall not prevail over the client's description of the Contract Works for which he wants a tender. The text is intended to prevent directions implying that the tenderer, when visiting the site, shall check the information given by the client in the Basis for Tender.

Comments to Clause 8

The object of this provision is to give guidelines regarding the determination of the extent of the Contract Works whenever information about a given condition is lacking. The provision instructs the tenderer that in the case of missing information, the basis shall be the knowledge a professional can be expected to possess. Here, one must also balance the principle of competition on equal terms with the client's wish to receive comparable tenders. Therefore whenever information about a given condition relevant to the tender calculation is lacking, the tenderer shall proceed from an optimistic estimate based on professional experience. The contractor is therefore entitled, if information is lacking, to assume, for example, normal meteorological conditions, that no vandalism occurs etc.

Comments to Clause 15

The provision about Additions deals with matters regarding the contractor's right to remuneration in excess of the Contract Price. The nature of the agreement makes certain demands on the contractor with regard to obligation to notify the client. The client may regard a requirement made by himself as only a more precise specification within the scope of the Contract Works, while the contractor regards it as an order for Additions or Alterations. In order to avoid disagreements, an obligation has been imposed on the contractor to notify the client if he regards himself as entitled to extra remuneration in excess of the Contract Price.

The sanction in the rule implying loss of the right to separate remuneration is not applicable if it would be clearly unreasonable. One example of a case when this exception should apply is when a situation arises that requires immediate action and there is therefore insufficient time for notification before commencement.

The rule on Alterations and Additions does not include any obligation of the contractor to carry out such Works. Neither does the contractor have any monopoly rights to such Works. These provisions are based on the fact that the agreements normally have a substantial lifetime and that Property Management is in many ways unpredictable. The parties must thus not be bound to a contractual obligation for longer than can be foreseen at the start of the Agreement. On the other hand, in the majority of cases it should be natural for the client first to request the contractor already employed to carry out any additional Works that fall within his area of competence, in particular if such a contractor is established on or within the Management Object where the Total Works are to be executed or is in possession of the required equipment and Facilities.

When Alterations or Additions take the form of building or installation work, it may be considered whether it should be prescribed that AB04 or corresponding contractual terms should apply, bearing in mind that the work will be subject to a final inspection and accompanying guarantee liability etc. Such work will then be regulated by a separate agreement and not confused with the conditions and requirements of the management undertaking.

