

CONTRACT PRICE ADJUSTMENT SCHEDULE

1. The value of each monthly certificate shall be increased or decreased by the amount obtained by multiplying "Ac", defined in Clause 2 of this Schedule, by the Contract Price Adjustment Factor, rounded off to the fourth decimal place, determined according to the formula:

$$(1 - x) \left[\frac{aL_t}{L_o} + \frac{bP_t}{P_o} + \frac{cM_t}{M_o} + \frac{dF_t}{F_o} - 1 \right]$$

in which the symbols have the following meaning:

"x" is the proportion of "Ac" which is not subject to adjustment. Unless otherwise stated in the Contract Data, this proportion shall be 0,10.

"a", "b", "c" and "d" are the coefficients contained in the Contract Data, which are deemed, irrespective of the actual constituents of the work, to represent the proportionate value of labour, contractors' equipment, material (other than "special materials" specified in the Contract Data) and fuel respectively. The arithmetical sum of "a", "b", "c" and "d" shall be unity. **SAFCEC have published recommendations for the allocation of these Indices for various types of Work. These are shown on the SAFCEC website.**

"L" is the "Labour Index" and shall be the Consumer Price Index (CPI) for the urban area nearest to the Site, as stated in the Contract Data, and as published in the Statistical News Release P0141 Additional Tables: Table 14 "CPI – all items, according to area" of Statistics South Africa.

"P" is the "Plant Index" and shall be the Producer Price Index (PPI) applicable to the industry as stated in the Contract Data and as published in the Statistical News Release P0142.1, Table 12 – "Concrete Works Plant" and/or "Roads and Earthworks Plant" of Statistics South Africa.

"M" is the "Materials Index" and shall be the Producer Price Index (PPI) applicable to the industry as stated in the Contract Data and as published in the Statistical News Release P0142.1, Table 12 – "Concrete Works Material" and/or "Roads and Earthworks Material" of Statistics South Africa.

"F" is the "Fuel Index" and shall be the Producer Price Index (PPI) for Diesel at wholesale level for the area as stated in the Contract Data and as published in the Statistical News Release P0142.1, Table 12 of Statistics South Africa.

The suffix "o" denotes the base indices applicable to the base month as stated in the Contract Data.

The suffix "t" denotes the current indices applicable to the month in which the last day of the period falls to which the relevant monthly statement relates.

If any index relevant to any particular certificate is not known at the time when the certificate is prepared, the Engineer shall estimate the value of such index. Any correction which may be necessary when the correct indices become known, shall be made by the Engineer in subsequent payment certificates.

2. For the purposes of calculating the adjustment to the value of the relevant monthly statement, the amount "Ac" shall be determined by the formula:

$$\mathbf{A c = T - S - D - E - G - A p}$$

In which formula the symbols shall have the following meaning:

"T" is the summation of the total value of

- (i) General Items
- (ii) work done and the
- (iii) materials on Site

as certified in the monthly statement under consideration without any deduction whatsoever and before any adjustment made in terms of this Schedule.

"S" is the aggregate of (i), (ii), (iii) and (iv) referred to below and included in "T".

- (i) the amounts actually expended and substituted for any Prime Cost Sums;
- (ii) the value of any work done by Selected Subcontractors;
- (iii) the value of any work done against Provisional Sums;
- (iv) the value of any extra or additional work;

where special arrangements for price adjustments in respect of those amounts were made and recorded at the time the work was ordered.

"D" is the value of work included in "T" and done at new fixed rate, where those rates were not based on labour, contractors' equipment or materials costs in force at the time of tendering. Generally new rates may be based on current costs and de-escalated to the base month of the indices, in which case work done at these rates shall not be included in the value of "D".

"E" is the amount included in "T" and paid for any dayworks executed at cost plus percentage allowances as set out in General Conditions of Contract Clause 37.2.2.

"G" is the amount included in "T" for materials classified and dealt with as "special materials".

"Ap" is the summation of all "Ac" amounts determined in terms of Clause 2 of this Schedule for all monthly statements preceding in time the monthly statement under consideration.

3. Save only for additional work or variations ordered to be carried out after the time for completion, the increase or decrease applied to monthly statement in terms of this Clause relating to work done or materials supplied after the time for completion shall be half the factor calculated by inserting the formula referred to in Clause 1 hereof the indices Lt, Pt, Mt and Ft applicable at the Due Completion Date.
- 4.1 The price of each "special material" specified in the Contract Data shall be increased or decreased by the net amount of any variation incurred after the date of tender on the basis set out in the Contract Data, provided that any claim for adjustment in terms hereof shall be substantiated by the submission of acceptable invoices and any other supporting documents that the Engineer considers necessary for the purpose, and provided also that no further adjustment be permitted to the price of any "special material" after the time for completion unless such material forms part of any additional work or variation ordered to be carried out after that date.
- 4.2 For the purposes of clause 4.1 hereof, "the net amount of any variations" in respect of a particular "special material" shall be calculated by multiplying the difference between the rate or price entered in the Contract Data by the Contractor for that material and the equivalent rate or price actually paid by the Contractor for the material by the quantity of the material in question.
5. If more than one month intervenes between the month applicable to any monthly statement and the month applicable to the immediately succeeding monthly statement, then the indices "Lt", "Pt", "Mt" and "Ft" applicable to such succeeding monthly statement shall each be the arithmetic mean, rounded off to the second decimal place, of the relevant indices applicable to the month of measurement and to such intervening months.