

IV ANALYSIS AND FINDINGS



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4.1 Information Acquired Through Interviews

The information acquired through the interview process is summarised below.

(i) Conditions of Contract that are being used at present

Most of the Public sector organisations are using ICTAD, with the exceptions being the Ceylon Electricity Board and Irrigation Department, who continue to use their own conditions. However it was revealed that, most of the ICTAD Conditions in use have been drastically altered by incorporating amendments in Part II, to accommodate prevailing practices in the respective organisations. Some of these documents are mutilated to such an extent that they have very little in common with the original ICTAD Conditions.



(ii) Awareness of the Government acceptance

Almost all engineers were aware that the Government has made the use of ICTAD Conditions mandatory for Public Sector projects.

(iii) Views on ICTAD Conditions, the strengths, weaknesses

Some of the strengths and weaknesses of ICTAD Conditions transpired at the interview process, are enumerated below.

Strengths of ICTAD Conditions

- (a)** Clause 14(2) provides for the Engineer to order additional retention of 5%, if the Contractor fails to submit a revised programme. This is a remedy not available in other Conditions.

- (b) Clause 19 requires the Contractor to provide better safety facilities at the site.
- (c) Clause 25 provides a remedy for Contractor's failure to insure. Employer is given the authority to deduct a service charge of 5% of the amount paid.
- (d) Clause 31(2) compensate the Contractor for delays and extra costs arising from other contractors.
- (e) Clause 34(8) stipulates the application of Wages Board Ordinance to employees of the Contractor.
- (f) Clause 44(2) specifies a procedure for assessment of extension of time, during the course of the work.
- (g) Clause 60(7) specifies a time period of twenty days for the Engineer to certify the monthly statement.



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Weaknesses of ICTAD Conditions

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- (a) One of the glaring weakness is the poor quality of the production of the document. There are numerous typographical errors. One serious mistake is in Clause 20(1), where the phrase 'excepted risk' has been mis-spelled as 'accepted risk', which gives a diametrically opposite meaning. In Clause 24(1), the last portion of the final sentence is missing.
- (b) Clause 15(1) provides for compulsory construction management service. The desirability of making such a payment from a BOQ item is questionable.
- (c) Clause 20(1) is mistakenly linked to Clause 19- Watching and Lighting.
- (d) Clause 53(6)(a) requires the Employer to get involved in opening Letters of Credit etc., which may be neither desirable nor practicable.

(e) Clause 60(1) stipulates a total Advance Payment of 30% of the Contract sum and Clause 60(2) provides for payment of 80% of the value of Materials at Site. The cumulative quantum of these advances appears to be excessive.

(f) The method of selection of the Arbitrator in Clause 67 appears to be impracticable.

(iv) *If a choice is given to select the Conditions of Contract, their preference*

Most of the Employers and Engineers will not use ICTAD Conditions, if they are given a choice.

(v) *Awareness of the latest developments in the Conditions of Contract, internationally*

Less than half of the engineers were familiar with the FIDIC (Fourth Edition) and very few have heard of the New Engineering Contract (NEC).



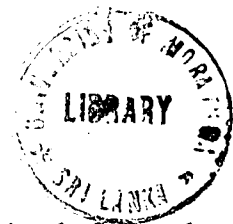
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(vi) *Need for a new document*

Majority of the engineers were of the opinion that a new document should replace the present ICTAD Conditions, without delay.

(vii) *Suggestions and expectations*

Appropriate and relevant suggestions received from the construction sector have been incorporated into the new Conditions.



4.2 Amendments Identified from the Study of Contract Documents of Completed Projects

The contract documents of following major construction projects were analysed.

- * Main Civil Works, Randenigala Project,- Mahaweli Authority
- * Main Civil Works, Rantembe Project,- Mahaweli Authority
- * Dam, Main Civil Works, Victoria Project,- Mahaweli Authority
- * Tunnel and Power Station, Main Civil Works, Samanalawewa Hydro-Electric Project,- Ceylon Electricity Board
- * Walawe Irrigation Improvement Project,- Mahaweli Authority
- * IDA Third Roads Project,- Roads Development Authority

The important problem areas identified through the study of contract documents of the above civil engineering projects are related to the following Clauses:

- (i) Clause 2 - "Engineer and Engineer's Representative";
- (ii) Clause 8 - "Contractor's General Responsibilities";
- (iii) Clause 11 - "Inspection of Site";
- (iv) Clause 14 - "Programme to be Submitted";
- (v) Clause 19 - "Safety, Security and Protection of the Environment";
- (vi) Clause 21 - "Insurance of Works and Contractor's Equipment";
- (vii) Clause 30 - "Avoidance of Damage to Roads";
- (viii) Clause 34 - "Labour";
- (ix) Clause 52 - "Valuation of Variations";
- (x) Clause 59 - "Co-ordination With Other Contractors";
- (xi) Clause 60 - "Monthly Statements";
- (xii) Clause 67 - "Settlement of Disputes".

Detailed explanation in respect of each amendment is given in Section 5.3.