

NATIONAL COST ADJUSTMENT PROVISION

EDITION 2 [NCAP2]

1.1 PAYMENT

In determining the amount of each progress payment and the final payment the value of work executed shall be increased or decreased in accordance with this Provision and the Schedule hereto.

1.2 EFFECTIVE VALUE

The Effective Value, in respect of each progress payment or final payment is the value of work included in the progress valuation or the final value less:

- the value of any work included therein valued on the basis of actual cost or current prices;
 - the value of any work which the Contract provides is not subject to adjustment for rise and fall in costs;
 - the value of any work which is subject to adjustment for rise and fall in costs on a different basis from that provided for by this Provision;
 - the Effective Value in respect of previous progress payments;
- and disregarding any increase or decrease under this Provision.

1.3 BASE INDEX NUMBER

"Base Index Number" means the index number appropriate to the index referred to in Column 1 of the Schedule, applicable to the date in Column 3.

1.4 CURRENT INDEX NUMBER

"Current Index Number" means the index number appropriate to the index referred to in Column 1 of the Schedule, applicable to the earlier of the date in Column 4 or Column 5 but if the date for the Current Index Number is earlier of the date for the Base Index Number, the date for the Current Index Number shall be the latter date.

1.5 PRELIMINARY INDEX NUMBER

Where a final index number is not available the preliminary index number or where there is no preliminary index number the last available index number shall be used for calculation. The increase or decrease may be recalculated on the basis of the final index number.

Notwithstanding the previous paragraph, in respect of index numbers published by the Australian Bureau of Statistics, the first published index number whether or not it is described as "preliminary" shall be used and no recalculation shall be made on the basis of any subsequent revisions to the index number.

1.6 DISCONTINUED OR ALTERED INDEXES

If an index is discontinued or the basis on which an index is calculated is altered, there shall be substituted the nearest index consistent with the intention of this Provision so as to give effect to it.

1.7 DECIMAL PLACES.

If an index number includes more than three decimal places, regard shall not be had to the fourth and following decimal places of the index number.

NCAP2 SCHEDULE

CALCULATION						
So much of the value of work in each category In Column A as is Included In the Effective Value shall be separately increased or decreased by multiplying it by the result of the following calculation in respect of each index shown in Column 1 as applicable to the category;						
Applicable Proportion in Column $2 \times \left[\frac{\text{Current Index Number} - \text{Base Index Number}}{\text{Base Index Number}} \right]$						
A	B	1	2	3	4	5
Category of Work	Value (if applicable)	Index or Indexes Applicable	Proportion Applicable to each Index	Date for Base Index Number	Date for Current Index Number	Latest Date for Current Index Number
(a)	If there is no category of work stated, the category of work shall be the whole of the work under the contract.					
(b)	If any work is not included in a category of work it shall be included in the most closely related category.					
(c)	If provision is not made for the date for a Base Index Number the date shall be the date 14 days prior to the date on which tenders closed or, if there is no such date, the date shall be the date of the contractor's offer.					
(d)	If provision is not made for the date for a Current index Number the date shall be 42 days in respect of a materials index and 15 days in respect of any other index prior to the last day of the period to which the valuation for the purpose of the relevant progress or final payment relates.					
(e)	If there is no date in Column 5, it shall be the Date for Practical Completion as extended under the contract.					

NPWC/NBCC LABOUR INDEX FOR USE WITH
NATIONAL COST ADJUSTMENT PROVISION
EDITION 2 [NCAP2]

1. CALCULATIONS

The index number for a date shall be calculated in accordance with the Labour Index Table using the wage rates, allowances, loadings, hours, conditions of employment and statutory prescriptions in effect on that date. Except as provided in Clause 4, only wage rates, allowances, loadings, hours, conditions of employment and statutory prescriptions identified in the Labour Index Table shall be used in calculating the index numbers.

Index numbers and all calculations with respect to items in the Labour Index Table shall be calculated to the third decimal place without reference to the fourth decimal place.

2. WEEKLY BASIS OF CALCULATION

If wage rates, allowances, loadings, hours, conditions of employment or statutory prescriptions are not prescribed as an amount or number per week, for the purposes of calculation they shall be converted to an amount or number per week.

3. BASE INDEX NUMBER

Notwithstanding the first sentence of Clause 1, if a variation in wage rates, allowances, loadings, hours, conditions of employment or statutory prescriptions is retrospective, in calculating the Base Index Number regard shall not be had to the variation if it is announced after the date for the Base Index Number, even if the variation passes on the effect of a previously announced National Wage Decision.

4. CURRENT INDEX NUMBER

In calculating the Current Index Number regard shall be had to any:

- 4.1 new wage rate, allowance, loading, hours or condition of employment which is applicable to the Classification of Labour referred to in the Labour Index Table and is incorporated into an Award or Determination referred to in the Labour Index Table;
- 4.2 new statutory prescription which imposes on the contractor an obligation in relation to the employment of workers included in the Classification of Labour referred to in the Labour Index Table;

but only to the extent that the new allowance, loading or condition of employment was not provided for in some other form in the Award or Determination at the date to which the Base Index Number applies or the new statutory prescription imposes on the contractor an obligation to make an actual payment of a sum calculated as a charge in relation to wages which was not imposed in some other form on the contractor at the date for the Base Index Number;

but regard shall not be had to:

- 4.3 a change in an Award or Determination or a new Award, Determination or statutory prescription which is applicable only to:
 - 4.3.1 part of the State or Territory in which the work or the majority of the work is performed;
 - 4.3.2 a particular contractor, a particular contract site, a particular class of construction or a particular class of construction site;
 - 4.3.3 certain areas, distances, heights, climates or conditions;
 - 4.3.4 some only of the workers employed in the Classification of Labour referred to in the Labour Index Table
- 4.4 any increase in a wage rate, allowance or loading to the extent that it does not result in an actual increase in the wages, allowances or loadings being paid by the contractor at the date for the Base Index Number for the relevant Classification of Labour referred to in the Table;
- 4.5 a decrease in the award hours to the extent that it does not result in an actual decrease in the ordinary hours (exclusive of overtime) generally being observed at the date for the Base Index Number by the relevant Classification of Labour referred to in the Table.

5. AWARD HOLIDAYS AND REST PERIODS

Regard shall not be had to any change in the number of Award Holidays (excluding Annual Leave) and Public Holidays or the number and duration of rest periods.

NCAP 2 LABOUR INDEX – WEEKLY BASIS

6. LEAVE LOADINGS

The leave loading other than Annual Leave Loading shall be calculated by.....
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7. ANNUAL LEAVE LOADING

Annual Leave Loading shall be calculated by
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8. LONG SERVICE LEAVE

Long Service Leave Loading shall be calculated by
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9. PAYROLL TAX

Payroll Tax Loading shall be the percentage prescribed by law and shall be applied to the total of items
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10. WORKERS' COMPENSATION

Workers' Compensation Insurance premium loading shall be
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***11. SITE ALLOWANCES**

If a site allowance (inclusive or exclusive of disability or special allowances) in respect of a Classification of Labour included in the Labour Index Table is incorporated in the Award applicable thereto or, if the Award does not provide for site allowances, is made by a court or tribunal and is applicable to the whole site, then notwithstanding Clause 4 of the Labour Index the percentage stated in the Labour Index Table of the amount of such site allowance shall be regarded as an allowance for the purpose of calculating the index number.

***12. SITE AGREEMENTS**

Notwithstanding Clauses 1 and 4, upon the making, with the express written consent of the principal, of a site agreement between the contractor and the unions covering pay and conditions applicable to the site, references in the Labour Index to an Award or Determination and to wage rates, allowances, loadings, hours and conditions of employment thereunder shall be deemed to refer to the site agreement and to matters prescribed therein.

If the site agreement is made after the date for the Base Index Number, then it shall not affect the Base Index Number.

*Delete if not applicable

NCAP 2 LABOUR INDEX TABLE - WEEKLY BASIS

1	Classification of Labour	(a)	(b)	(c)	(d)	(e)	(f)
2	Title of Award or Determination	(a)	(b)	(c)	(d)	(e)	(f)
3	Weekly Base Rate						
4	Allowances						
	(a)						
	(b) Site Allowance						
	-----%						
	reimbursement						
	(If applicable)						
5	Loadings for Annual Leave, Award and Public Holidays and sick leave						
6	Annual Leave Loading						
7	Loading for Long Service Leave						
8	Loading for Payroll Tax						
9	Loading for Workers Compensation Insurance						
10	Total 3 to 9						
11	Weighting Factors	(a)	(b)	(c)	(d)	(e)	(f)
12	Award Weekly Working Hours						
13	<u>Item 10 x Item 11</u> Item 12						

This Index Number is the total of the numbers in Item 13 for each Classification of Labour: