



**DHET New Universities Project Management Team**

# **Specification for direct employment generated in engineering and construction contracts**

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**Issued by:**

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# Specification for direct employment generated in engineering and construction contracts

## 1 Scope

1.1 This specification establishes a key performance indicator in the form of a contract local direct employment goal where the NEC3 Engineering and Construction Contract is employed and Main Options C (Target contract with activity schedule) is applied.

1.2 This specification sets out the methods by which the key performance indicator is established, measured, quantified and verified in the performance of the contract or the execution of an order.

NOTE: This specification can be applied to contracts or to orders (call-offs) issued in terms of framework agreements. Framework agreements are well suited to situations in which long term relationships are entered into. They offer flexibility in attaining contract goals as requirements can be adjusted from one order to another, thus allowing key performance indicators to be improved upon over time.

## 2 Terms and definitions

2.1 The terms Contractor, Subcontractors and Working Areas have the meaning assigned in the latest edition of the NEC3 Engineering and Construction Contract.

2.2 For the purposes of this document, the following terms and definitions apply:

**contract local direct employment goal (CLDEG)**

the percentage of the total number of equivalent person days worked by people employed by the Contractor or a Subcontractor within the Working Area who are local people

**equivalent person-days**

the total time worked by people within the Working Area divided by 8 hours

**framework agreement**

agreement between an employer and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

**local people**

people who were resident in a geographical area prior to the date stipulated in the Specification Data

**order**

the instruction to carry out construction works, services or professional services under a framework agreement

**specification data**

data, provisions and variations which make this specification applicable to a particular contract or order

## 3 Requirements

3.1 The contractor shall achieve the contract local direct employment goal specified in the specification data in the performance of the contract.

3.2 Credits towards the contract local direct employment goal shall be assessed and granted by the Project Manager based on information provided by the Contractor whenever the amount due to a Contractor in terms of the contract is assessed.

3.3 The Contractor shall submit to the Project Manager in a format acceptable to the Project Manager the name, identity number, gender, youth and local status (if applicable), occupation and equivalent-

person days employment within the Working Area in respect of each and every employee of the Contractor and Subcontractors whenever the amount due to a Contractor in terms of the contract is assessed.

**3.4** Credits towards the contract local direct employment goal shall be denied where:

- a) the wages and conditions of employment for local people are less favourable than those set by an applicable bargaining council, relevant sectoral determinations made by the Minister of Labour or, in the absence of any applicable bargaining council or sectoral determination, the local wages and conditions of employment for unskilled workers; and
- b) people work outside of the Working Areas.