

PART 2: PRICING DATA

ECC3 Option A

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C2.1 Pricing assumptions: Option A

1. How work is priced and assessed for payment

Clause 11 in NEC3 Engineering and Construction Contract, (ECC3) Option A states:

Identified and defined terms 11 11.2 (20) The Activity Schedule is the *activity schedule* unless later changed in accordance with this contract.

(27) The Price for Work Done to Date is the total of the Prices for

- each group of completed activities and
- each completed activity which is not in a group.

A completed activity is one which is without Defects which would either delay or be covered by immediately following work.

(30) The Prices are the lump sum prices for each of the activities on the Activity Schedule unless later changed in accordance with this contract.

This confirms that Option A is a lump sum form of contract where the work is broken down into activities, each of which is priced by the tendering contractor as a lump sum. Only completed activities are assessed for payment at each assessment date; no part payment is made if the activity is not completed by the assessment date.

2. Function of the Activity Schedule

Clause 54.1 in Option A states: “Information in the Activity Schedule is not Works Information or Site Information”. This confirms that specifications and descriptions of the work or any constraints on how it is to be done are not included in the Activity Schedule but in the Works Information. This is further confirmed by Clause 20.1 which states, “The *Contractor* Provides the Works in accordance with the Works Information”. Hence the *Contractor* does **not** Provide the Works in accordance with the Activity Schedule. The Activity Schedule is only a pricing document.

3. Link to the programme

Clause 31.4 states that “The *Contractor* provides information which shows how each activity on the Activity Schedule relates to the operations on each programme which he submits for acceptance”. Ideally the tendering contractor will develop a high level programme first then resource each activity and thus arrive at the lump sum price for that activity both of which can be entered into the *activity schedule*.

4. Preparing the *activity schedule*

Generally it is the tendering contractor who prepares the *activity schedule* by breaking down the work described within the Works Information into suitable activities which can be well defined, shown on a programme and priced as a lump sum.

The *Employer*, in his Instructions to Tenderers or in a Tender Schedule, may have listed some items that he requires the *Contractor* to include in his *activity schedule* and be priced accordingly.

It is assumed that in preparing his *activity schedule* the *Contractor*:

- Has taken account of the guidance given in the ECC3 Guidance Notes pages 19 and 20;
- Understands the function of the Activity Schedule and how work is priced and paid for;
- Is aware of the need to link the Activity Schedule to activities shown on his programme;
- Has listed and priced activities in the *activity schedule* which are inclusive of everything necessary and incidental to Providing the Works in accordance with the Works Information, as it was at the time of tender, as well as correct any Defects not caused by an *Employer’s* risk;
- Has priced work he decides not to show as a separate activity within the Prices of other listed activities in order to fulfil the obligation to complete the *works* for the tendered total of the Prices.
- Understands there is no adjustment to the lump sum Activity Schedule price if the amount, or quantity, of work within that activity later turns out to be different to that which the *Contractor* estimated at time of tender. The only basis for a change to the Prices is as a result of a compensation event.

4.1. Skills Development

The contractor shall determine the contract skills participation goals, expressed in Rand, which shall not be less than the sub-total of the tender amount (exclusive of V.A.T.) multiplied by the percentage as per Table 2 in the Standard for Electrical Engineering works (Infrastructure).

For the purposes of the CIDB Skills Standard the “contract skills development goal” for this tender is 0.25% of the sub-total of the amount (exclusive of V.A.T.).

Table 1 Final Tender Summary – Contract Skills Development Goal example

Description	Percentage (%) Factor	Sub-total of Tender Amount	Amount (Rands)
Skills Development			
Minimum Contract Skills Development Goal (CSDG) sum = EP (0.25%) x Subtotal of the tender amount	0.25%		

Payment to the contractor to accommodate Part/Full Occupational qualification and Trade qualifications

The contractor shall apportion the learners in the different construction activities based on the scope of work. The cost of accommodating learners will be determined by using Table 3 in the Standard and this cost will be used to determine the value in Rand and will be added to the provision for training as provided for in the *activity schedule*.

Payment to the contractor to accommodate Work Integrated Learners and Candidates for professional registration

The contractor shall apportion the cost of accommodating work integrated learners (P1 and P2 learners) and candidates for professional registration by using Table 3 in the Standard and this cost will be used to determine the value in Rand and will be added to the provision for training as provided for in the *activity schedule*.

Supervisor and Mentorship

Payment to the contractor for supervision and mentoring Part/Full Occupational qualification and Trade qualifications learners

The employer shall make no provision for an additional payment item for the payment of the supervisor and/or mentors for the provision of training as provided for in the *activity schedule* for the training of

part/full time occupational learners and/or trade qualification learners.

Payment to the contractor for mentoring Work Integrated Learners and Candidates for professional registration

The contractor shall apportion the cost of mentoring work integrated learners (P1 and P2 learners) and candidates for professional registration by using Table 3 in the Standard and will form part of the cost as provided for in the *activity schedule*.

Payment to the contractor to accommodate Part/Full Occupational qualification and Trade qualifications learners

The contractor shall be paid as follows:

Should the contractor select Part/Full Occupational qualification and/or Trade qualifications, then the employer shall make provision for payment to the contractor as indicated in Table 3 in the Standard and will form part of the cost as provided for in the *activity schedule*.

Payment to the contractor to accommodate Work Integrated Learners and Candidates for professional registration

The contractor shall be paid as follows:

Should the contractor select Work Integrated Learners and/or Candidates for professional registration, then the employer shall make provision for payment to the contractor as indicated in Table 3 in the Standard and will form part of the cost as provided for in the *activity schedule* for training.

Payment to the contractor for Mentors to accommodate Work Integrated Learners and Candidates for professional registration

The contractor shall be paid as follows:

Should the contractor select Work Integrated Learners and/or Candidates for professional registration, then the employer shall make provision for payment to the contractor as indicated in Table 3 in the Standard and will form part of the cost as provided for in the *activity schedule* for training.

C2.2 the *activity schedule*

Use this page as a cover page to the *Contractor's activity schedule*.