

**COEGA DEVELOPMENT CORPORATION (PTY) LTD**

**APPOINTMENT OF A TURNKEY CONTRACTOR FOR THE UPGRADE OF CIVIL ENGINEERING SERVICES AT LENZ MILITARY BASE JOHANNESBURG - CONTRACT NO. CDC/207/25**

**SOCIAL AND ECONOMIC DELIVERABLES (LABOUR)**

The Coega Development Corporation (CDC), referred to hereinafter as the Implementing Agent, has placed a number of contractual obligations on contractors in fulfilling the objectives for the socio-economic deliverables on the project.

It is the desire of the Client and the Implementing Agent that Employment Relations practices, procedures and processes that are implemented within the project are uniform and of the highest possible standard. The objective of this approach is to promote an environment that is healthy, safe, efficient, productive, harmonious, is free of disruption and localizes opportunities for communities in close proximity to the project. Such an environment will assist Contractors in implementing their projects successfully.

All contractors, sub-contractors (including SMMEs) and site service providers within the project have a role and responsibility in achieving this objective and accordingly, the Main Contractor is wholly responsible in ensuring the provision, implementation and maintenance of the required socio-economic deliverables.

To this end, certain mechanisms and structures have been put in place to ensure that all role-players in the project are aware of the socio-economic and labour requirements and obligations that are contractually binding on them, and that these are properly implemented and complied with.

The Implementing Agent shall deploy a part-time Project Social Facilitator to support the project in achieving the socio-economic objectives. The primary role of the Project Social Facilitator is to:

- Consult with the community prior to construction commencement;
- Facilitate the establishment of the Project Support Committee (PSC);
- To source candidates to fill the Community Liaison Officer (CLO) position.

A key component of the socio-economic requirements and obligations is the proper and timely completion of Standard Labour Documentation and the provision of opportunities to local community members. The formats of the Standard Labour Documentation and the support services will be made available in the contract commencement meeting.

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The documentation included in specifications outlined below will provide detail to the prospective contractor in order to ensure a comprehensive understanding of the socio-economic specifications and labour management protocols in effect, and allows for the prospective Contractor to tender accordingly.

**Labour Management Specification Data**

The Specification Data provided herein shall have precedence in the interpretation of any ambiguity or inconsistency between it and any other applicable contract instrument addressing the same or similar deliverable.

The Contractor shall ensure full achievement of the following deliverables throughout the construction duration:

Deliverable L1: Employment of local resources - provide employment opportunities to targeted labour;

L1.1: Labour Risk Assessment

L1.2: Employment

L1.3: Recruitment

L1.4: Wages

L1.5: Inductions

L1.6: Employment Contracts

L1.7: Labour mobilisation and demobilisation

Deliverable L2: Employment of the Community Liaison Officer;

Deliverable L3: Procure and manage a training provider to provide specific training for designated persons.

Deliverable L4: Health and Safety Awareness - the Contractor shall be responsible for promoting Health and Safety on site.

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Deliverable L5: Social Facilitation and Labour Management System Administration – the Contractor shall ensure that employment and training records are loaded onto the Labour Management System;

Deliverable L6: The Contractor shall ensure achievement of socio-economic deliverables and compliance to the established labour management protocols on the whole project (inclusive of all sub-contractors), for the full duration of the project;

Deliverable L7: Community participation.

Deliverable L8: On-site communication structures.

The Main Contractor shall ensure the full application of this specification on all sub-contractors (incl. SMME's) and on-site service providers and accordingly must ensure the inclusion of this specification in all tender documents.

Deliverable L9: Employment of local resources - Provide employment opportunities to targeted labour.

**L1.1 LABOUR RISK ASSESSMENT:**

Prior to construction commencement, the Contractor is required to conduct a labour risk assessment to highlight the most significant labour risks associated with the project (at least 10 higher risks) and provide the mitigation to deal with each of these identified risks.

The template for undertaking the risk assessment will be provided by the Implementing Agent upon notification as preferred bidder.

The risk assessment report is to be submitted by the Contractor to the Principal Agent within 14 calendar days of notification as preferred bidder for the Implementing Agent's review and endorsement.

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**1.2 EMPLOYMENT:**

The minimum number of construction personnel to be employed on the project is 40. This number includes all approved seconded personnel. The minimum duration for individual employment recognition purposes shall be 6 weeks on-site continuous employment period.

The Contractor is required to provide the anticipated numbers of additional labour required per job title, to be utilised for the duration of the construction project. This submission, in the form of the Additional Labour Histogram as provided by the Implementing Agent, must be inclusive of the total projected additional labour requirements of all sub-contractors and service providers.

The Contractor is required to provide the Project Labour Desk with a quarterly update of the Additional Labour Histogram, or at earlier intervals should the anticipated additional labour requirement differ. All additional labour histograms must include the additional labour forecast of all sub-contractors and on-site service providers.

**L1.3 RECRUITMENT:**

The Contractor's deliverable is the minimum of 80% labour employed on the project to be residents of Target Areas 1 & 2 as specified below. Priority employment must be provided to residents from Target Area 1.

All such additional local labour shall be employed from the Central Job Seekers' Database, established by the Implementing Agent and managed through the Social Facilitation Agent by Coega Human Capital Solutions, on behalf of the Implementing Agent. The Contractor shall be required to employ the services of the Project Social Facilitator, per Deliverable L7, as a condition of contract, to service the entire project.

The Contractor is permitted to deploy a maximum of 20% non-local seconded labour (i.e. labour who usually residing outside Target Areas 1 & 2) on the Project.

A pre-placement approval process, administered by the Project Social Facilitator on behalf of the Implementing Agent, shall be in effect for all seconded labour.

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In the event that the required skills are not available in the Central Job Seekers' Database, the Contractor must acquire such written confirmation from the Project Social Facilitator in each instance, prior to identifying further seconded labour for approval to be employed on the Project. In such instances where insufficient skills are available in the Central Job Seekers Database, it shall be the Contractor's obligation to source such personnel.

**Target Areas:**

- Target Area 1 shall be City of Johannesburg which falls within the jurisdiction of the City of Johannesburg Metropolitan Municipality.
- Target Area 2 shall be the geographic area excluding Target Area 1, which falls within the Gauteng Province.

Preference shall be granted to competent labour residing in Target Area 1 above labour residing in Target Area 2, and similarly preference shall be granted to competent labour residing in Target Area 2 above labour residing in Target Area 3.

**L1.4 WAGES:**

The Contractor shall, at the time of bidding for the contract, complete and return the Job Forecast schedule setting out the anticipated numbers per job titles of labour to be utilised for the duration of the works, including the numbers of additional local labour and seconded labour to be employed, per job title. This submission must be inclusive of the labour forecast for sub-contractors and service providers.

The rate of pay for General Workers (Task Grade 1) should not be less than the market related rate paid in the area yet may not be less than **R (to be determined by the contractor)** per hour a day.

The contractor shall use the Job & Wage schedule attached to indicate the minimum wage rates to be applied across the different grades/levels on the project as a whole, inclusive of all on site Sub-contractors' and Service Providers' labour. The intention is to promote the application of standard wage rates per job function, across the project.

Wages shall be paid in arrears into each employee's own bank account. The Contractor shall elect whether such wage payments are effected at monthly or fortnightly intervals, where after uniformity of application

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shall be effected by the Contractor across the project as a whole, including all sub-contractors and service providers.

The wage payment detail, including all deductions made, must be provided in acceptable pay-slip format on or immediately before the scheduled payday. No cash payments may be made for safety reasons, and as such a condition of employment for labour shall be the possession of an active personal bank account.

The timing and quantum of the wage increases shall be in accordance with the prevailing arrangement in the Industry, yet may not be less than the latest available year-on-year Consumer Price Index (CPI) as issued by Statistics South Africa at the time of the wage rate increase.

Such annual wage rate increases must be effected at the same time throughout the construction project per Industry (i.e. all sub-contractors inclusive) and at intervals of no more than 12 months.

The Contractor is required to introduce measures to effectively mitigate the risk of delayed / partial / non-payment of wages and statutory deductions by on-site sub-contractors and on-site service providers.

Such measures could include the proactive introduction of a Central Wage Bureau Service and the temporary cessation (i.e. stopping) of the Sub-contractors / Service Providers works in instances where non-payment of due wages on the scheduled payday are confirmed.

**L1.5 INDUCTIONS:**

All project personnel on site must attend an Induction presentation on a fully paid time basis, before commencing work on site. The Induction will be provided by the Contractor and shall include the Project overview, performance expectations and key labour management aspects including the general health, safety and environmental practices to be employed on the Project.

The Induction presentation must be provided for all construction personnel by the Contractor, prior to each individual commencing employment on site.

All Contractors and Service Providers employing personnel on the construction site must ensure that all appropriate life skills and in particular Health, Safety & Environmental awareness training specific to their construction activities is conducted prior to individual's work commencement, and during the course of employment on site.

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Attendance registers of all personnel attending Site Induction and any subsequent awareness training must be retained on site by the Main Contractor for the duration of the construction project, and loaded onto Coega's Ncedo Labour Management System.

**L1.6 EMPLOYMENT CONTRACTS:**

All additional hourly-paid construction personnel on site must each sign an employment contract before commencing employment on site.

The standard form of the limited duration employment contract must be used for all hourly-paid labour (i.e. additional local) will be provided by the Implementing Agent, in consultation with the Contractor, as the standard limited duration employment contract for use on the project.

All seconded personnel deployed to the site must sign a secondment contract of employment before commencing employment on site. The standard form of the secondment contract of employment will be provided by the Implementing Agent, in consultation with the Main Contractor, as the standard secondment employment contract for use on the project.

**L1.7 LABOUR MOBILISATION & DEMOBILISATION:**

The Contractors must make adequate provision for mobilising and demobilising all personnel employed on the Project, inclusive of pre and post medical assessments.

Deliverable L 2: Employment of the Community Liaison Officer

**L2.1 Community Liaison Officer Appointment:**

Immediately prior to site establishment, the Contractor must employ the services of the most recently employed Community Liaison Officer (CLO) from the prior phase of the project, as introduced by the Implementing Agent.

If, in the event that the contractor terminates the CLO's contract of employment (limited to proven misconduct / poor performance which would normally result in fair termination), the Contractor is required

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to urgently employ a suitably competent and experienced CLO, within a four week period on a full-time basis for the remaining duration of the Project.

The shortlisting of appropriate CLO candidates should require guidance of the Project Support Committee, yet the Contractor shall make the final selection decision after receiving the prior written CLO appointment approval of the Implementing Agent.

The CLO shall receive a basic rate of pay not less than R13 000 per month. All statutory requirements/deductions are excluded from this amount. A provision of 27% is made to cover these items.

Annual increases in basic rates of pay shall be provided on the anniversary of the employment with the contractor and shall align to the provisions for increments in the appropriate schedule.

The contractor shall provide the necessary tools of the trade for the CLO to operate effectively. This will include office space and all reasonable furniture and equipment, including controlled access to an internet connected computer, a facsimile machine and a cell phone.

**Deliverable L 3: Implement the National Youth Service in accordance with EPWP policy.**

The Contractor under the guidance of Implementing Agent shall implement the National Youth Service in accordance with National Department of Public Works Expanded Public Works Programme policy

Deliverable L 5: Promote HIV/AIDS Awareness on site

**L5.1 HIV/AIDS Awareness Training:**

The Contractor shall be responsible for promoting HIV/AIDS Awareness on site. Every worker anticipated to be employed on the project must be trained in HIV/AIDS Awareness according to Industry norms and standards.

The Contractor shall submit monthly reports on HIV/AIDS Awareness training to the Implementing Agent's representative, accompanied by attendance registers in the format prescribed by the Implementing Agent.

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All HIV/AIDS awareness training shall be recorded on the Ncedo Labour Management System by the Project Labour Desk.

Deliverable L 6: Promote Health and Safety Awareness on site

**L6.1 Health and Safety Awareness Training:**

The Contractor shall be responsible for promoting health and safety on site. Prior to employment on the Project site, all labour must be inducted on pertinent aspects of the Occupational Health and Safety Act and the Construction Regulations including safe working practices, before they commence with work on site.

The Contractor shall submit monthly reports on Health & Safety Awareness training to the Implementing Agent's representative, accompanied by attendance registers in the format prescribed by the Implementing Agent.

The Contractor shall submit monthly reports via the Ncedo system on the Health and Safety inductions conducted on site.

All Health and Safety awareness training shall be recorded on the Ncedo Labour Management System by the Labour Desk.

Deliverable L 7 Labour Management System Administration – the contractor shall ensure that employment and training records are loaded onto the Labour Management System.

**L7.1 SOCIAL FACILITATION AND RECORDING OF LABOUR MANAGEMENT DETAIL**

The Contractor must make a provision in the tender for the provision of a social facilitation service to promote the achievement of socio-economic objectives on the project. The Contractor shall engage the Coega Human Capital Solutions (HCS) for the provision of the abovementioned labour management services on the entire project, for the full duration of the project.

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A Service Level Agreement must be concluded between the Contractor and Coega HCS outlining the scope and extent of services. Labour Management Service fees will be invoiced to the contractor on a monthly basis in equal instalments.

All project employment and labour management detail is to be provided by the Main Contractor to the Implementing Agent's Human Capital Solutions team on a weekly basis, in the form and manner as prescribed by the Social Facilitator.

All project employment and labour management detail shall then be recorded on the Ncedo Labour Management System by the Implementing Agent's Human Capital Solutions team, based on the information provided by the Main Contractor.

The Main Contractor is required to submit a monthly labour report on the project as a whole (sub-contractors included), inclusive of recognised training, extracted from the Implementing Agent's Ncedo LMS which must accompany the Main Contractor's monthly payment certificates to the Principal Agent.

Deliverable L 8: The contractor shall ensure achievement of Socio-economic deliverables and compliance to the established labour management protocols on the whole project, for the full duration of the project;

**L8.1 COMPLIANCE AUDITING AND NON-ACHIEVEMENT:**

The Implementing Agent shall appoint an Employment Relations Compliance Auditor to monitor the adherence to the labour protocols prescribed above.

The Labour Management Compliance Audit template shall be made available at commencement of the project by the Implementing Agent.

The Contractor is required to achieve full compliance to establish labour management protocols (i.e. a demerit score of zero) within 1 month of the non-compliance/s being highlighted.

In the event of the Contractor (inclusive of all sub-contractors) not complying to the socio-economic specifications after the 1 month period stated herein above, or failing to maintain the required labour management protocol thereafter, then a punitive penalty will be applied to the Contractor for each working day that the non-compliance is still in existence. This punitive penalty shall equate to 20% of the amount prescribed per day for late project completion.

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Additional requirements: The Contractor shall employ its best endeavors to promote labour and community harmony on the project site and in the surrounding community.

Deliverable L9: Community participation

**L9.1 COMMUNITY ENGAGEMENT OBLIGATION**

The Contractor shall participate in all community engagement activities through the established Project Support Committee (PSC), inclusive of promoting, attending and reporting to a monthly meeting.

The Contractor shall tender accordingly.

Deliverable L10: On-Site communication structures

**L10.1 ON-SITE COMMUNICATION**

The Contractor shall be responsible for facilitating all on-site communication with role-players. A Labour Consultative Forum (LCF) will be established on site by the contractor at which labour and work-place related issues will be addressed. The LCF will be attended by the Main contractor representatives, all sub-contractors and site service providers and elected representatives from labour on site. The LCF will be established within 1 month of project commencement and will meet monthly thereafter.

The Contractor shall tender accordingly.