

THE CIDB INTERVENES: NEW BEST PRACTICE STANDARD FOR CONTRACTORS

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PUBLISHED: Wed. 12 DECEMBER 2018
THE NETWORK
Durban, KwaZulu Natal

Issued By: CK Dynamics Communications | Cheryl Kirsten | PR & Marketing Communications Specialist
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The Construction Industry Development Board (CIDB) has implemented a new Standard for Minimum Requirements for engaging Contractors and Subcontractors on Construction Works Contracts ('the Standard'). The Standard was published in the Government Gazette on 9 November 2018 and is now in effect.

The Standard establishes minimum requirements in the appointment of principal contractors and subcontractors on construction works with a tender value above R200 000.00.

The Standard seeks to promote uniformity in the appointment of contractors and subcontractors on construction works contract.

Private and public sector employees are encouraged to adopt the Standard.

THE MINIMUM REQUIREMENTS SET BY THE STANDARD ARE:

1. The Contractor and Subcontractor must have a Letter of Good Standing from the Workers Compensation Fund:

A Letter of Good Standing is essentially an official document that confirms that the Workman's Compensation Fund ('the Fund') will assist in paying for any work-related injuries or harm to employees.

This Letter safeguards the employer against footing the medical bill or life cover for a worker who sustains work-related injuries or illnesses while on the construction site.

2. The Contractor and Subcontractor must be registered with the relevant Bargaining Council:

Bargaining Councils are registered with the Department of Labour and are accredited to perform dispute resolution functions between employers and employees.

An employer must provide proof of registration with the relevant Bargaining Council if one exists for the sector in which the contractor operates.

3. The Contractor and Subcontractor must conclude a written construction contract:

The following standard forms of contract are to be used (with minimal contract amendments):

- (a) General Conditions of Contract for Construction Works (GCC) and General Conditions of Subcontract (GSCS).
- (b) JBCC Principal Building Agreement and JBCC Nominated/Selected Subcontract Agreement.
- (c) MBSA Domestic Subcontract Agreement.
- (d) CIDB Standard Subcontract (Labour only).
- (e) New Engineering Contract (NEC).
- (f) International Federation of Consulting Engineers (FIDIC).
- (g) South African Institute of Civil Engineering (SAICE) - General Conditions of Subcontract.

4. There must be a specified date of payment to the Subcontractor:

Payment must be not later than thirty days after the subcontractor's claim.

A subcontractor can request the employer to confirm that payment has been made to the principal contractor.

5. Filing Report on Completion:

Once the main contractor has achieved practical completion on the project, a report must be submitted to the employer verifying compliance with the above requirements.

Penalties can be stipulated in the contract for non compliance.

ARTICLE BY



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