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GOVERNMENT NOTICE

DEPARTMENT OF LABOUR

No. R. 706

17 May 2002

BASIC CONDITIONS OF EMPLOYMENT ACT, 1997

PROPOSED CALCULATION OF REMUNERATION

I, Membathisi Mphumzi Shepherd Mdladlana, Minister of Labour, hereby publish a proposed schedule to guide employers and employees in determining the calculation of remuneration in terms of section 35(5)(c) of the Basic Conditions of Employment Amendment Bill for written comments.

Written comments should be addressed to: Ms Bergmann, Department of Labour, Private Bag X117, Pretoria, 0001, or faxed to (012) 309 4709 or e-mailed to mathilda.bergmann@labour.gov.za

Comments should reach the Department of Labour within 30 days after publication of the notice.

M M S MDLADLANA, LP
Minister of Labour

**PROPOSED SCHEDULE TO ASSIST EMPLOYERS AND EMPLOYEES TO DETERMINE
THE CALCULATION OF REMUNERATION IN TERMS OF SECTION 35 OF THE BASIC
CONDITIONS OF EMPLOYMENT ACT, NO 75 OF 1997**

It is proposed that the following types of payments are included in the definition of remuneration for purposes of calculating payment for overtime in terms of section 10(2), pay for annual leave in terms of section 21, payment instead of notice in terms of section 38 and severance pay in terms of section 41:

- Service increment;
- Merit increment;
- Car allowance;
- Housing allowance, housing subsidy or housing received as a benefit in kind;
- Shift work allowance if worked regularly;
- Standby allowance if received regularly;
- Overtime pay if overtime is worked regularly;
- Food and accommodation allowance or value of food and accommodation provided;
- Discretionary payments related to an employee's hours of work if received regularly e.g. an attendance bonus;
- Discretionary payments related to an employee's work performance if received regularly e.g. production bonus based on the employee's output;
- Employer's contributions to medical and provident fund scheme;
- Employer's contributions to death benefit scheme;
- Employer's contributions to UIF and any other statutory insurance cover;
- Employer's contributions to personal accident insurance cover;
- Long service allowance if received regularly; and
- Thirteenth cheque if not discretionary.

It is proposed that the following items is excluded from the definitions of remuneration as discussed above:

- Relocation allowance;
- Gratuities e.g. a gold watch given as a long service award, or a farewell gift on termination of employment;
- Discretionary payments not related to an employee's hours of work or performance e.g. profit-sharing scheme;
- Entertainment allowance;
- Danger pay;
- Underground allowance;
- Inconvenience allowance;
- Dog allowance;
- Education and schooling allowance; and
- Transport/bus to enable employee to travel to and from work provided as an in kind benefit or as an allowance.

In respect of payment in kind, it is proposed that the formula for determining value of payment in kind should be as follows:

- (a) An agreed value which is not less than the cost of the employer; or
- (b) If it is not agreed, the cost to the employer.