

ANNEXURE H

(Clause 16.29 of the Main Collective)

CALCULATING LEAVE PAY for COMMISSION EARNERS

In terms of legislative changes employees' Leave Pay MUST be calculated on their TOTAL Remuneration which, in the case of commission-earners, INCLUDES Commission Earnings. We should therefore like to inform YOU that the National Offices of UASA (the Union) and EOHCB (the Employers' Organisation) recently negotiated and **AGREED** that an Average Personal Services Commission of **20%** (based on commission earned during the preceding 12 months) **ALSO** be used when calculating **LEAVE PAY** for Commission-Earners, in **addition** to the current normal Leave Pay (calculated on the Basic Salary). **This is effective on the entire industry on a NATIONAL basis with effect from the 1st March 2006.**

NOTE: PSC (Personal Services Commission) means Commission paid to Employees for services rendered and does NOT include Retail Commission.

In order to assist Employers with these Calculations we list some Examples hereunder:

Firstly you will need to calculate an employee's Average Commission for the PAST 12 months:

<u>PERSONAL SERVICES COMMISSION (PSC) EARNED for the MONTH OF:</u> <u>(BEFORE Normal Deductions)</u> [for E.G. PAYE, Council Levies, Funds Contributions, Union & EOHCB Subs, etc]	Monthly PSC <u>BEFORE</u> Normal Deductions
PSC Earned during JANUARY	R3'015
PSC Earned during FEBRUARY	R4'500
PSC Earned during MARCH	R3'000
PSC Earned during APRIL	R2'500
PSC Earned during MAY	R2'700
PSC Earned during JUNE	R4'250
PSC Earned during JULY	R2'000
PSC Earned during AUGUST	R 350
PSC Earned during SEPTEMBER	R1'500
PSC Earned during OCTOBER	R1'600
PSC Earned during NOVEMBER	R1'750
PSC Earned during DECEMBER	R5'000
<u>Total PSC (Personal Services Commission) for the Year (12 mths)</u>	R32'165

**EXAMPLE 1: (When a Commission-Earner takes their Normal ANNUAL Leave)
(Either 1-7** or 7+ OR 18 OR 24 Working Days' Leave)**

<u>AVERAGE</u> Personal Services Commission per Month# (= Total Commission for Year as shown Above <u>DIVIDED</u> by 12 [months])	R2'680.42#
# i.e R2'680.42 x 20% = <u>Leave Remuneration on PSC</u>	R536.08*

After calculating 20% of the employee's Average PSC (as shown above) DIVIDE the resulting figure by 26 (i.e. the Average No. of days worked in a Month), then MULTIPLY this by the No. of days Leave taken by the employee (either 1-7** working days or 18 working days [3 weeks' leave] or 24 working days [4 weeks' leave] [in the case of an employee employed for longer than 5 years]). Then **ADD** to this their Leave Pay calculated on the Basic Salary as reflected in the Remuneration/Basic Salary/Wage Schedules for that category of employee. (**SEE BELOW**).

**** EXCEPT, in the case of an employee who takes ad-hoc leave of 7 days or less, where the PSC (Personal Services Commission) earned by that employee during the specific month when leave is taken is either the same as, or higher than their Average PSC (Personal Services Commission), in which case their Leave Pay shall only be calculated on their basic salary as contained in the Remuneration/Basic Salary/Wage Schedules for that category of employee.**

P.T.O

EXAMPLES of HOW to CALCULATE Leave Pay for 1 – 7 Day's Leave: 2

Employee takes 1 days' LEAVE in January:

Employee's Average PSC Earnings --> R2'680.42#
(their past 12 mths Commission divided by 12) (per Example ABOVE)

Employee's Commission for January = R2'680.42 (i.e the SAME AS their Average PSC)
or R2'700.00 (HIGHER than their Average PSC)

Then Leave Pay due to Employee → **R162.46 (Daily Leave Pay on Basic ONLY)**
(i.e Basic Salary of R4'224 divided by 26 days [Daily Rate] x 1 [No. of Days' Leave])

OR IF Employee's Commission for January => R2'500.00 (i.e LESS than their Average PSC)

Then Leave Pay due to Employee → **R183.08 (Daily Leave Pay on Basic & PSC)**
(i.e Leave Pay on Basic of R162.46/Day PLUS PSC Leave Pay of R20.62/Day* x 1 [No. of Days' Leave])

Employee takes 2/3 days' LEAVE in January:

Employee's Average PSC Earnings --> R2'680.42#
(their past 12 mths Commission divided by 12) (per Example ABOVE)

Employee's Commission for January = R2'680.42 (i.e the SAME AS their Average PSC)
or R2'700.00 (HIGHER than their Average PSC)

Then Leave Pay due to Employee → **R324.92 for 2 days' Leave**
OR **R487.38 for 3 days' Leave**

(i.e Basic Salary of say R4'224 divided by 26 days [Daily Rate] x 2/3 [No. of Days' Leave])

OR IF Employee's Commission for January => R2'500.00 (i.e LESS than their Average PSC)

Then Leave Pay due to Employee → **R366.16 for 2 days' Leave**
OR **R549.24 for 3 days' Leave**

(Leave Pay on Basic of R162.46/Day PLUS PSC Leave Pay of R20.62/Day x 2/3 [No. of Days' Leave])

Employee takes 4/5 days' LEAVE in January:

Employee's Average PSC Earnings --> R2'680.42#
(their past 12 mths Commission divided by 12) (per Example ABOVE)

Employee's Commission for January = R2'680.42 (i.e the SAME AS their Average PSC)
or R2'700.00 (HIGHER than their Average PSC)

Then Leave Pay due to Employee → **R649.84 for 4 days' Leave**
OR **R812.30 for 5 days' Leave**

(i.e Basic Salary of say R4'224# divided by 26 days [Daily Rate] x 4/5 [No. of Days' Leave])

OR IF Employee's Commission for January => R2'500.00 (i.e LESS than their Average PSC)

Then Leave Pay due to Employee → **R732.32 for 4 days' Leave**
OR **R915.40 for 5 days' Leave**

(Leave Pay on Basic of R162.46/Day PLUS PSC Leave Pay of R20.62/Day x 4/5 [No. of Days' Leave])

Employee takes 6/7 days' LEAVE in January:

Employee's Average PSC Earnings --> R2'680.42#
(their past 12 mths Commission divided by 12) (per Example in May 2006 Notice)

Employee's Commission for January = R2'680.42 (i.e the SAME AS their Average PSC)
or R2'700.00 (HIGHER than their Average PSC)

Then Leave Pay due to Employee → **R 974.76 for 6 days' Leave**
OR **R1'137.22 for 7 days' Leave**

(i.e Basic Salary of say R4'224 divided by 26 days [Daily Rate] x 6/7 [No. of Days' Leave])

OR IF Employee's Commission for January => R2'500.00 (i.e LESS than their Average PSC)

Then Leave Pay due to Employee → **R1'098.48 for 6 days' Leave**
OR **R1'281.56 for 7 days' Leave**

(Leave Pay on Basic of R162.46/Day PLUS PSC Leave Pay of R20.62/Day x 4/5 [No. of Days' Leave])

To CALCULATE Leave Pay Due for 3 Weeks' (18 Working Days') Leave:**Leave Pay Calculation based on Commission-Earners' PSC EARNINGS:**

<i>*(i.e R536.08) divided by 26(days) = R20.62 (Daily Rate)</i> MULTIPLIED by No. of Days Leave I.E. x 18 x18 = 3 Week's Leave:	<u>R371.16</u>
--	-----------------------

ADD Leave Pay calculated on Prescribed BASIC SALARY:

R4'224 divided by 26(days) = R162.46 (Daily Rate) MULTIPLIED by No. of Days Leave I.E. x18 = 3 Week's Leave:	<u>R2'924.28</u> <i>(Daily Rate on Basic)</i>
--	---

THEREFORE: TOTAL Leave Pay Due for 3 Weeks' (18 Working Days') Leave:*(Leave Pay due to Employees employed for LESS than 5 Years)*

Daily PSC Rate x 18 Days' Leave PLUS Daily Rate on Basic x 18 Days' Leave I.E. <u>R371.16 + R2'924.28</u>	<u>R3'295.44</u>
---	-------------------------

To CALCULATE Leave Pay Due for 4 Weeks' (24 Working Days') Leave:**Leave Pay Calculations based on Commission-Earners' PSC EARNINGS:**

<i>*(i.e R536.08) divided by 26(days) = R20.62 (Daily Rate)</i> MULTIPLIED by No. of Days Leave I.E. x 24 x24 = 4 Week's Leave:	<u>R494.88</u>
--	-----------------------

ADD Leave Pay calculated on Prescribed BASIC SALARY:

R4'224 divided by 26(days) = R162.46 (Daily Rate) MULTIPLIED by No. of Days Leave I.E. x24 = 4 Week's Leave:	<u>R3'899.04</u> <i>(Daily Rate on Basic)</i>
--	---

THEREFORE: TOTAL Leave Pay Due for 4 Weeks' (24 Working Days') Leave:*(Leave Pay due to Employees employed for 5 Years or MORE)**(Cl 16.2 of our Collectives: An Employee who has completed 5 continuous years' service with an employer, though not necessarily with the same employer, shall be entitled, on completion of the 5th year of employment, to 24 working days' leave on full pay.)*

Daily PSC Rate x 24 Days' Leave PLUS Daily Rate on Basic x 24 Days' Leave I.E. <u>R494.88 + R3'899.04</u>	<u>R4'393.92</u>
---	-------------------------

CALCULATING PRO-RATA LEAVE PAY FOR COMMISSION-EARNERS WHO RESIGN:**(When a Commission-Earner RESIGNS and Pro-Rata Leave is OWED)***(Example below based on 6 months' Service with a START Date of 1st January & an END Date of 30th June)*

Total Personal Services Commission for the 6 Months worked <i>IF Employee has ONLY worked for a period of 6 months. IF they have been in your employ longer than 1 yr you must then still use the Average for the past 12 months)</i>	<u>R19'965</u>
AVERAGE Personal Services Commission per Month ** <i>(= Total Commission for the 6 Months' Worked DIVIDED by 6 [months])</i>	<u>**R3'327.5</u>
** (R3'327.5) x 20% = Leave Remuneration on PSC:	<u>##R665.50</u>
Leave Pay on PSC for 6 months' Service (1 Jan to 30 Jun): <i>##(R665.50) divided by 26(days) = R25.60 (Daily Rate) x 6(days)</i> <i>= R153.58 (Weekly Rate) divided by 17 = R9.03 (Prorata Leave Rate)</i> <i>x 25 (the No. of Saturdays worked from 1st January to 30th June)</i>	<u>R225.85</u> <i>(Prorata Leave Pay due on PSC)</i>

ADD

Leave Pay calculated on Basic Salary, for E.G. R4'224 divided by 26(days) = R162.46 (Daily Rate) x 6(days) = R974.77 (Weekly Rate) divided by 17 = R57.34 (Prorata Leave Rate) x 25 (the No. of Saturdays worked from 1st January to 30th June)	<u>R1'433.38</u> <i>(Prorata Leave Pay due on Basic)</i>
--	---

TOTAL Leave Pay Due for 6 Months' Service: (1 Jan to 30 Jun) R 225.85 <i>(Prorata Leave Pay due on PSC)</i> + R1'433.38 <i>(Prorata Leave Pay due on Basic Salary)</i>	<u>R1'659.23</u>
--	-------------------------

P.T.O

IF the employee has worked for more than 1 year and they then resign in their 2nd year and they are only owed leave for ½ the year i.e from 1st January to 30th June the figures would obviously be different as one must then use their Average Commission-Earnings for the past 12 months EG:

Total Commission for Year (12 mths)	R32'165
AVERAGE Personal Services Commission per Month * (= Total Commission for Year as shown Above <u>DIVIDED</u> by 12 [months])	*R2'680.42
*(R2'680.42) x 20% = Leave Remuneration on PSC Earnings#	#R536.08
Leave Pay on PSC for 6 months' Service (1 Jan to 30 Jun): #(R536.08) divided by 26(days) = R20.62 (Daily Rate) x 6(days) = R123.71 (Weekly Rate) divided by 17 = R7.28 (Prorata Leave Rate) x 25 (the No. of Saturdays worked from 1 st January to 30 th June)	R181.93 (Prorata Leave Pay due on PSC)

ADD

Leave Pay calculated on Basic Salary, for E.G. R4'224 divided by 26(days) = R162.46 (Daily Rate) x 6(days) = R974.77 (Weekly Rate) divided by 17 = R57.34 (Prorata Leave Rate) x 25 (the No. of Saturdays worked from 1 st January to 30 th June)	R1'433.38 (Prorata Leave Pay due on Basic)
TOTAL Leave Pay Due for Remaining 6 Months' Service: (for Employee who worked for 1½ years) (1 Jan to 30 Jun) R 181.93 (Prorata Leave Pay due on Commission Earned) + R1'433.38 (Prorata Leave Pay due on Basic Salary)	R1'615.31