

GUIDELINE FOR PERMANENT CONTRACT OF EMPLOYMENT

This contract should be used for employees who are employed on an ongoing or indefinite basis, either full time, part time or variable time.

Lunch breaks

- Employers are required to grant a lunch break of one hour after five continuous hours of work. The lunch break is excluded from the calculation of daily or weekly working hours.
- This lunch break can be reduced to 30 minutes with the agreement of the employee. Work will be seen as continuous if the interruption is less than 60 minutes.

Working Hours – full-time, part-time, or variable time

- An employer must regulate the working hours of employees provided that: -
 - Maximum ordinary working hours per week is 45 hours, and 9 hours per day if the employee works 5 days a week.
 - Legislation provides for procedures to reduce this to 40 hours. Employers are advised to consult any applicable sectoral determination in this regard.
 - The contract can be for a full-time, part-time, or variable time as per the operational requirements of the job. The relevant provisions in this section should be completed and the other provisions deleted.

Statutory deductions

- Employers are required by the law to make deductions from employee salaries and wages and these statutory deductions are: -
 - Employee Tax
 - Unemployment Insurance Fund contributions (UIF)

Deduction other than statutory deductions

- Deduction other than statutory deductions may only be made with the agreement of the employee.
- This would include union subscriptions, if the employee has signed a stop-order form authorising this and the union has organisational rights to stop-orders.
- Deductions in respect of money owed by the employee to the employer may not exceed 25 % of the employee's monthly remuneration and must be made in line with section 34 of the BCEA.

Overtime

- Overtime is only payable to employees earning below the BCEA threshold amount set by the Minister of Employment and Labour. As at 01 March 2023, the threshold is R241 110,59 per annum.
- Overtime is limited to 10 (ten) hours per week and is paid at 1.5 times the normal hourly rate for work from Monday to Saturday.
- Payment for work on Sundays and public holidays is more complicated to calculate but is essentially paid at double the normal hourly rate unless Sunday is an ordinary day of work in which event it is paid



at 1.5 times the normal hourly rate. Some sectors, however, such as retail are covered by sectoral determinations that provide for different Sunday rates when certain conditions are met.

- Refer to sections 16 and 18 of the Basic Conditions of Employment Act 75 of 1997 (BCEA).

[See Information Sheet \(other\): Terms and conditions of employment](#)

Probation

- Probation is normally between 3 (three) and 6 (six) months but may be less or more if circumstances require e.g. nature of position and/or level of responsibility.
- Probation serves on the one hand, to allow for the Employee to determine whether the nature of the job and organisation suits his/her needs, and on the other hand, it allows the Employer to determine the overall suitability of the Employee with reference to performance, conduct and overall fit into the organisation.
- At the end of the probationary period the Employer may confirm the Employee's employment. Alternatively, the Employer may engage the Employee on extending the probation to allow the Employee more time to adjust or to meet the requirements of the job. Where it is found that the Employee is not suitable for the job, the Employer may opt to not confirm the appointment (for less compelling reasons than a tenured employee) after a fair process was followed which includes giving the Employee an opportunity to give input into the consideration.
- It is important however that an Employer gives the Employee reasonable and appropriate training, guidance, instruction, counselling, and evaluation during the probationary period - a "sink or swim" approach should not be adopted.
- Training in company-specific systems, work methods, policies and procedures will be particularly important as the employee cannot be expected to be aware of these.

[See How to Guide: Probation](#)

[See How to Guide: Ending employment where employee is on probation](#)

Retirement age

- There is no mandatory retirement age in terms of the Labour Relations Act.
- It is important to specify a retirement age in the contract of employment to avoid disputes in this regard,
- If an employer wants to continue employing the employee past retirement age, this can be done by way of fixed-term contracts specifically provided for in the Labour Relations Act 66 of 1995 (LRA).

[See Information Sheet \(other\): What happens when an employee retires](#)

Written Disciplinary Code and Grievance Procedure

- If an employer has a written disciplinary code and grievance procedure, it should be attached to the contract of employment as an annexure.



- It is advisable to request the employee to sign an acknowledgement of receipt of the document.
- If the code and procedure is attached to the contract as an annexure, clause 15.1 can be amended to read as follows: "A copy of the Disciplinary Code and Grievance Procedure is attached hereto as Annexure B."

See Information Sheet (other): An overview of workplace discipline

See How to Guide: Where the employee has a grievance

See Model: Disciplinary code and grievance procedure