

FACTSHEET: CONTRACT PROVISIONS ON REMUNERATION

Chapter 4 of the Employers' Guidebook discusses legal regulation of payments in detail. This factsheet does not restate legal rules, but provides examples of clauses you might want to include in your employment contracts.

Please also refer to the different chapters of the Employers' Guidebook when finalising specific clauses of employment contracts to ensure you are following the law.

Clauses that are central to payment for work are:

- **Amount of payment** Clearly stating what the basis for determining payment will be, and how much (per hour, week, month or year) will be paid is at the heart of any employment relationship and should be stated.
- **How and when payment is to be made** should be stated so that employees know when and where payment can legitimately be expected.
- **Other benefits** Whilst not every employee will be given other benefits, if additional allowances or benefits are being paid they should be clearly stated, in order to ensure both parties understand the total remuneration package being agreed to.

It is also useful to cover:

- **Payment of VNPF** Although this is a legal requirement, clearly stating obligations shows that both the employer and the employee are committing to following laws in respect of VNPF.
- **Deductions** Again this is regulated by law, but a clearly worded clause about deductions that can be made will mean that neither party has to refer back to the Employment Act to check how deductions can be made.
- **Reviews of amount of payment** is an area that is not regulated by law. Stating how frequently salary and performance reviews will occur demonstrate that, as a good employer, you have considered these key staff management issues.

You can also include clauses about other things such as gratuities, who payment will be made to in the event of the employee's death et cetera.

IMPORTANT NOTE TO EMPLOYERS: The following text boxes provide example clauses that you can use as the basis for writing your own contracts. You can amend the clauses to suit your own situation. Please **do not** just paste any of these clauses into your employment contracts without carefully reviewing them to ensure they meet your needs.

EXAMPLE CLAUSES ABOUT AMOUNT, TIME AND PLACE OF PAYMENT

1. Employee is paid a weekly wage

1. The employee shall be paid _____ per hour of work. Lunch breaks shall be unpaid.
2. Wages, including overtime, shall be paid on Monday of every week for the previous week's work. Wages shall be paid in cash at the place of work.

2. Employee is paid a salary

1. The employee shall be paid a salary of 1,200,000 vatu per year, in monthly payments on 100,000 vatu.
2. Payment shall be made by direct deposit into the employee's nominated bank account on the last working day of every month.

3. Employee is paid a salary plus commission

1. The employee shall be paid a base salary of 40,000 vatu per month.
2. In addition to this salary the employee shall be paid a commission of 8% of the retail price of all cars sold by him.
3. Payment shall be made by direct deposit into the employee's nominated bank account on the last working day of every month.

EXAMPLE SALARY REVIEW CLAUSE

1. The rate of pay shall be reviewed in conjunction with performance appraisals every 6 months, and may be increased at the employer's discretion.

EXAMPLE ADDITIONAL ALLOWANCES CLAUSE

1. In addition to wages, the employee shall be paid a housing allowance of 30,000 vatu per month. The housing allowance shall be paid in cash on the first Monday of every month.

EXAMPLE SALARY ADVANCES CLAUSE

1. Advances of up to xxxx can be applied for in writing and may be granted by the employer.
2. All advances must be repaid according to the repayment schedule signed at the time of giving the advance. Repayments shall not exceed one third of the employee's regular wage.

EXAMPLE VMPF & OTHER DEDUCTIONS CLAUSES

1. Vanuatu National Provident Fund shall be deducted from the employee's wage at the rate required by Vanuatu law (currently 4%).
2. In the event that the employee wilfully or negligently loses or damages any material or property of the employer the employee shall be required to reimburse the employer for the loss or damage, provided that
 - a. no deductions shall be made for wilful or negligent loss or damage unless those deductions are first authorized by a labour officer; and
 - b. the amount of the deduction shall not exceed one third of the employee's regular wage.
3. Other deductions shall only be made in accordance with section 21 of Vanuatu's Employment Act.