

Questions

Answers

Harmonised Contract Model Questions & Answers



Frequently Asked Questions

Category	Question	Answer
	Why the conversion to a Harmonised Contract Model?	Have one model for all BMW Contractors. The model focuses on managed output which culminates in a stable and predictable financial environment for all parties involved. Service compensation rates stay market-competitive and service conditions are applied uniformly, while ensuring that contractors have the flexibility to balance reasonable daily working hours with adequate time off. All of this occurs against the backdrop and in conformity with the relevant employment and occupational health and safety legislation.
	What is the Harmonised Contract Model?	All existing and future TES contracts in BMW SA, will be harmonised to a standard delivery model of 1960 hours per annum. In addition, monthly payment for service delivery will be decoupled from day-to-day working hours and converted to an equivalent fixed monthly service fee. This monthly fee will be based on the currently applicable hourly service rate at 1960 hours per annum. Regarding daily work, we continue with business as usual: This means remaining highly flexible in day-to-day working times to meet business requirements, whilst carefully managing overall service delivery hours to stay within 1960 hours annually. As part of the new model, it is the task of the management team to steer the contractors to manage their hours. The requirement for working time (clocking) submissions will remain in place for service delivery record purposes. Time allocations to individual projects will also still be required to meet accurate cost allocation planning and reporting requirements.
	When will this be implemented?	The implementation start date is 01 June 2023.

	How does my hourly rate compare to the market?	BMW conducts regular research to compare service rates for specific tasks and skills with current market remuneration data from various external companies. Individual hourly service rates for BMW's roles are competitively benchmarked against equivalent market positions at the 75th percentile and adjusted where necessary from time-to-time. The market data used for this purpose is an annual, total cost to company package, including all compensation elements like: - basic pay - variable pay, including overtime and bonuses - paid time-off - travel time - task-based allowances like stand-by duty, shiftwork, night-time work, weekend and public holiday work - other allowances like car allowances, private fuel allowances, or similar - other similar remuneration items particular to the job, as applicable. For comparability, these market rates are converted to an equivalent hourly service rate, using the standard 1960 hours per annum business model. This applies for all tasks and skills, even where the contract hours agreed with the TES might have been historically different in some cases. This means that the current hourly service rates and the derived fixed monthly service fees in the Harmonised Contract Model are already an all-inclusive, market-competitive compensation for relevant services. Additional compensation in the form of special allowances is not applicable and would not be appropriate since these factors are already accounted for in the service rates.
	What is covered in the new Fixed Fee Structure?	In general, the fixed service fee is a conversion of the current hourly service rate to an equivalent monthly fee, based on a standard annual working model of 1960 hours. This fee is fixed and independent from day-to-day service hours if service delivery meets the specific requirements of the task and annual service delivery (January - December) achieves the required 1960 hours.
	Why 1960 hours?	This is based on the existing BMW business model which complies with Occupational Health and Safety standards regarding working time. The model is based on approximately 234 standard working days in a year (see example in the table below), which allows for an acceptable minimum remaining balance of self-managed non-working days.

		<table border="1"> <thead> <tr> <th colspan="3">"Standard" Working Time</th> </tr> <tr> <th></th><th>annual</th><th>monthly</th></tr> </thead> <tbody> <tr> <td>Working days</td><td>234</td><td>19.5</td></tr> <tr> <td>Off days</td><td>15</td><td>1.3</td></tr> <tr> <td>Weekends</td><td>104</td><td>8.7</td></tr> <tr> <td>Public Holidays</td><td>12</td><td>1.0</td></tr> <tr> <td>Total</td><td>365</td><td>30.4</td></tr> </tbody> </table> <table> <thead> <tr> <th></th><th>Daily</th><th>Annual</th></tr> </thead> <tbody> <tr> <td>daily Standard hours worked (30 min lunch deduction incl.)</td><td>8.38</td><td>1960</td></tr> </tbody> </table>	"Standard" Working Time				annual	monthly	Working days	234	19.5	Off days	15	1.3	Weekends	104	8.7	Public Holidays	12	1.0	Total	365	30.4		Daily	Annual	daily Standard hours worked (30 min lunch deduction incl.)	8.38	1960
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		You can individually structure the 1960 hours in agreement with your manager, keeping the Occupational Health & Safety provisions in mind as well business requirements.																											
	How will my fixed monthly income be calculated?	For all 1960 hours contracts, where service conditions have been met, the conversion is hourly rate multiplied by 1960 hours divided by 12 months (calculated as hourly rate x 163.33 hours). This fixed amount is paid monthly, provided that ongoing service delivery meets the required annual 1960 hours (or pro rata equivalent). There are some exceptions to this basic conversion principle where existing contracts exceed 1960 hours. These are governed by specific rules and will be communicated separately and individually by the TES, where applicable.																											
	Can I work additional time, and will I be compensated?	The overall service delivery must be conducted within the 1960 annual hour time frame and any additional day-to-day hours worked (e.g. during go-lives or incidents) must be balanced out by time off over the relevant annual period. Any hours worked over the annual total of 1960 hours will not be compensated. Flexible working time to business requirements within the annual total of 1960 hours are jointly managed between the TES, Contractor, and the Manager.																											
	Will I still need to submit timesheets?	Yes, as the actual hours must be recorded against the 1960 planned hours worked. In addition, specific to the ZA Hub, time allocations against specific projects must continue to be recorded for planning and reporting purposes.																											
	Will the time submission dates change?	No, it remains as per the contractor calendar.																											
	Can I take off days during the year and how much?	We continue with business as usual. This means remaining highly flexible in day-to-day working times to meet business requirements, whilst carefully managing overall service delivery hours to stay within 1960 hours annually. However, the Harmonised Contract Model ensures a stable monthly income that is unaffected by actual day-to-day working times, provided that annual service delivery meets the required 1960 hours. This applies in a period from January to December, or pro rata as applicable based on prevailing																											

		deliverables. All off days should continue to be arranged with your manager and TES.
	What about long-term absence? (Maternity, Illness, Sabbatical)	These are special cases, usually with highly individual circumstances. Such cases will be managed on their individual merits in conjunction with the manager and the TES. Where there is an impact on achievement of the annual 1960 hours service delivery requirements (or pro rata, as applicable), this might result in a suspension of the fixed payment in line with the interruption.
	Can I stay on the current contract model?	No, the Harmonised Contract Model applies to everyone in the BMW SA.
	Can I migrate to another TES?	Yes, the current conditions and rules for TES migrations remain unchanged. The Harmonised Contract Model applies to all TES contracts within BMW SA.
	Will the payment dates change?	Payment dates are determined by each TES individually. The Contractor Payment calendar will still be used since the TES payment runs will be conducted in the same cycle as before. It is important to note that, although the TES payment run is processed before month-end, payment is made for the entire month. For e.g. the payment run on 22 June is for payment for the complete month of 01 – 30 June 2023.
	What else should I be aware of?	With the Harmonised Contract Model the resignation notice period changes from 30 days to one calendar month.
	How will this affect my current Tax Calculations?	Your TES will advise you on your personal tax situation.