

Coping with employment changes

Written employment agreements are essential, says Sharon Olsen, PKF Francis Aickin Ltd

We know from experience that many employers play lip service to the legislation that requires them to have a written employment agreement with all employees. Apart from the fact that it is unlawful not to have a written agreement, it is just bad practice not to have one. It is not difficult, and does not have to be complicated.

The Employment Relations and Holidays Act that came into force on April 1 reinforces that, and new requirements around the keeping of employee records. Small employers should not feel intimidated by the need to address their record keeping; it's just not that difficult.

The rules are fairly simple. First, there must be a written agreement. If it is a collective agreement (one that covers more than one employee) it will need to clarify who's covered by it.

Individual agreements must include a few simple essentials. These include the names of the parties, a brief description of the work performed, and an indication

of where it is to be performed. An indication of the hours must also be included, but 'no fixed hours' is acceptable, if that really is the case. Obviously the wage or salary rate must be included, along with a plain English dispute resolution explanation and an employee protection provision (EPP).

An EPP is intended to provide protection for employees affected by restructuring, such as when an employer decides to sell or contract out parts of the business.

Don't forget that employment agreements must be signed by both parties.

There are a number of recognised agreement providers who will write agreements for employers, or perhaps the simplest and cheapest way is to use the tool on the Department of Labour website (www.dol.govt.nz/er/starting/relationships/agreements/builder.asp). Type this into your web browser and you're in business.

Employers also need to be aware that it is an offence not to keep comprehen-

sive employment records, and that these must be made available to employees if they ask to see them. The Department of Labour website has a good summary of the records that must be kept.

There are new ways of processing wages that greatly simplify the process, and many of the record-keeping requirements. Some accountants provide payroll processing bureaux, and Cloud Computing systems now enable employers to process their payrolls over the internet using programmes and file storage systems maintained by the provider and totally off-site. These providers will also look after the payment of PAYE, Kiwi Saver and the numerous other deductions that employers are asked to make.

To many businesses, employment-related costs are significant, and frequently the most expensive item, and it makes good sense to take good care of compensation and employment records. The range of service providers and resources available to employers means that there is no excuse for not doing it right.

PKF Francis Aickin Ltd will be holding a seminar in Kaitiāia on the 2011 employment law changes shortly.

PKF

Accountants & Business Advisors

PKF Francis Aickin Limited

right size, right people, right answers

- Experienced business advisers
- Tax experts with proactive advice
- Audit specialists

Kaitiāia:

2 Redan Road

email: kaitia@pkfa.co.nz

Mangonui:

Waterfront Road

phone: (09) 408 9366

Office hours:

Monday - Friday 8am to 5.30pm

