

EMPLOYER NEWS 2018

Perriam & Partners Employer Newsletter

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WHY ARE SOME COMPANIES OFFERING UNLIMITED LEAVE?

Most workers are forced to hoard their precious few weeks of annual leave each year but some lucky employees are free to take all the time they need, no questions asked.

Companies are increasingly offering staff “unlimited” leave in the belief it helps attract a higher calibre of staff and boosts morale. Top job site Indeed is one of a growing number of companies to embrace the trend, following the likes of Netflix, Virgin Management and LinkedIn.

Indeed’s Senior Vice President, Paul Wolfe launched the initiative around two years ago and said it was open to all employees once they reached an agreement with their manager.

“Our teams work very hard and we wanted to be able to give them the flexibility to meet ambitions, dreams, travel, family commitments, whatever it might be and more importantly, that they should be able to do it without guilt,” Wolfe explained.

“We’ve noticed as a business that people slowly started to engage with it. We’ve seen increases year over year in the amount of leave people are taking and that’s what we wanted. People are taking leave and coming back rested and refreshed.” “They’re going to be performing at a higher level in the business and they’re going to be emotionally and mentally nourished.”

Indeed’s Australian boss, Chris McDonald said “everyone works hard and from our perspective people should have the ability to take a trip or do something they’ve always wanted to do and take time off at short notice, provided it meets the needs of the business and is approved by a manager.”

“The policy is there for a reason and it should be guilt free. We expect everyone in the business from senior level to new hires to take advantage of it as it suits them.”

McDonald said a recent survey conducted by Indeed revealed Australian workers would rather trade higher wages for other benefits such as flexible working and greater annual leave.



EMPLOYMENT COURT RULING

Recently a well known Christchurch retail company has been ordered by the Employment Court to pay its employees for unpaid pre work meetings that they have been required to attend. For over 15 years the company has held a meeting of sales staff for 15 minutes every morning, covering topics ranging from sales targets to company promotions. Staff were not paid for the meetings and the time was not recorded as hours worked.

The company argued the meetings were not compulsory and no disciplinary action was taken against staff for not attending them. However, the Employment Court has ruled in favour of the employees and the retailer must now calculate arrears of pay, below the minimum wage for all current and former employees for the period in dispute. The order however was limited to those employees who were paid at, or near, the minimum wage as they are entitled to be paid for each and every hour worked. Whereas a salaried employee is paid for all hours they perform, including “any reasonable, additional time” which is normally covered in their employment contract.

Since the Court ruling more examples of additional time being worked have surfaced. These activities could include “cashing up”, cleaning, handover times, briefings and in some situations, travel time to and from a work site. A Labour Inspectorate spokesman has said that if the activity was integral to the role, and there was an expectation some additional time was required, it was classed as work.

LETTER TO THE EDITOR IN RESPONSE ...

I am extremely disappointed by the one sided editorial castigating employers for their practice of having their employees arrive early without pay. The editorial talks of flexibility and suggest that it has been totally in favour of the employers.

My question is this: are these the same employers who allow their staff to go home a little early when things are quiet? Or provide paid time for some medical or dental appointments? Or allow paid time to stand outside for a ciggy? Or allow staff to make and take personal calls on paid time? Have you heard of “swings and roundabouts?”

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LEGAL DOS & DON'TS WHEN HIRING A NEW EMPLOYEE

Finding and hiring new staff can be a time consuming and complicated process. So it is worthwhile investing time and energy into fine tuning the hiring process to increase your chances of finding the right and best employee for your business.

ADVERTISING THE ROLE

Your advertisement must not be misleading or contain any discriminatory language. The use of words such as "senior" or "mature" may be, in some circumstances, discriminatory on the basis of age. "Experienced" or "responsible" would be more appropriate words to use in these circumstances.

APPLICATIONS & INTERVIEWS

As with advertising the role it is very important that application forms and questions asked in the interview process do not indicate potential discrimination. For example, you must not enquire generally about an applicant's medical history. It is however acceptable to ask an applicant, after explaining the requirements of the role, if they have any health conditions that may prevent them from carrying out that role.

PRE-EMPLOYMENT CHECKS

Some roles legally require certain pre-employment checks to be undertaken. Where this is not the case, the consent of the applicant to carry out any pre-employment checks is required. These may include:

REFERENCE CHECK: Always ask a referee if they wish to speak to you in confidence as an applicant may make a request under the Privacy Act 1993 for you to provide them with any information provide by referees unless the referee have required it to be kept confidential.

ENTITLEMENT TO WORK IN NZ: You may ask applicants for evidence of their entitlement to work in NZ. Under the Immigration Act 2009, it is an offence to allow a person to work for you if they are not entitled to work in NZ.

DRUG & ALCOHOL TESTING: In safety sensitive roles such as construction work or passenger transportation or security sensitive roles, drug and alcohol testing may be carried out.

OFFER OF EMPLOYMENT

Once you've been through the application process and have found the right person for the role, the next step is to make the applicant a formal offer of employment. Regardless of whether it is a permanent, fixed term or casual contract all employees must have a written employment agreement. If the employee has any questions or proposes changes to the employment agreement, you have a legal obligation to consider and respond to them.



WHAT SALARY INCREASES TO EXPECT IN 2018

Having experienced a period of price and wage stability for a number of years, the growing expectations and vocal statements of a number of groups suggest we are likely to see increased wage inflation in the year ahead. At the time of writing we have the NZ Nurses Organisation making its views known (with DHBs obviously very cautious and cash strapped). The teachers are also sharpening their arguments as they will soon be putting their case forward.

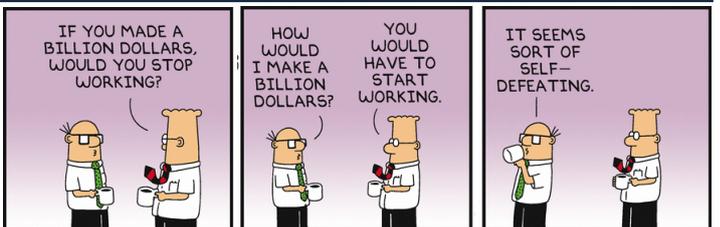
One question we ask our (large) client base every six months concerns wage expectations. It relates specifically to organisations' forecasting for payroll increases. This statistic is really at the heart of the matter in terms of affordability. It is, of course, a number that includes allowance for increased staffing as well and annual increases.

Our experience is that the predicted payroll increases (i.e. the answer to our question) bears a close relationship to actual annual increases the year following. The results are clear from our clients as they completed the survey in February this year. An overall median increase of 2.4% is expected across the whole market. The private sector is forecasting a median three percent and the public sector a lower 2.1%. Note that our public sector includes central government, education, health and local government and the figure is the median across all those groups.

Is there any room to move with these figures? A small amount usually can be accommodated but nothing substantial. A predicted two percent increase cannot turn into five percent or more unless drastic changes are made elsewhere. Employers are well aware of the broader issues, for example dealing with those groups that have to reach the new minimum wage by 2020. They will likely receive 5% annual increases for the next two years to ensure they reach the new minimum wage levels.



- John McGill, CEO Strategic Pay



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