

PRESBYTERIAN PEOPLE

Employment news & information bulletin

Vol 4 Feb 2007

Human resources update

Welcome to the fourth bulletin of Presbyterian People.



Presbyterian Church
of Aotearoa New Zealand

Right before Christmas, MP Wayne Mapp's 90-day Bill was defeated at its second reading. This bill would have seen the introduction of 'no-fault' dismissals during the first three months of someone beginning a new job.

I thought it would be useful to update our readers on the Probationary Clause that already exists under the Employment Relations Act (ERA) 2000 and how it works.

Probationary Periods

Currently, employers and employees may agree to a probationary period at the beginning of the employment relationship. In order to do this a clause must be included in the employment contract in the section outlining the nature of the employment contract. The probationary clause must contain:

- The date the probationary period ends;
- Information on how progress will be monitored during the probationary period;
- The nature of employment after the probationary clause ends.

Other things you need to consider are:

- Whether the length of the probationary period is appropriate for the specific employee.
- Your processes for exiting an employee that did not perform to the required standards during the probationary period.

Dismissal

It is important to note that employees are still covered by the ERA. While you can terminate a probationary employee for non-performance at the end of a probationary period, you must be able to show that you actively managed the employee's performance throughout the period as you would any other employee.

Inside this issue:

Page 1

Human resources update
Probationary periods

Page 2

Noticeboard

Alternatives to a probationary period

Another key point of probationary clauses under the ERA is that they should not be confused with work tests or trials. Under a work test or trial a candidate is asked to attend the prospective place of work and demonstrate their ability on certain tasks as set by the employer. This occurs during the recruitment phase before the employer has made an offer of employment to the employee. The reason for this distinction is to prevent employers exploiting, in particular younger, workers for no pay.

However, the first, and most important, question an employer should consider before inserting a probationary clause is 'why do we want a probationary clause?' If the answer is you are unsure of the employee's skills or ability to do the job you may want to consider other alternatives such as not employing the candidate, or employing the candidate and providing training.

New probationary clauses

At the time of writing, the 90-day Bill has been defeated. In the event a new Bill is passed into law in the future, we will update you on the new legislation. Until then it's business as usual!

NOTICEBOARD**Important dates to remember!**

1 April 2007 The minimum holiday entitlement increases from 3 weeks to 4 weeks. For casual employees who earn annual leave 'as they go' this increases from 6% to 8%.

AND

The minimum wage will also increase to **\$11.25** per hour for employees 18 years or older. The youth wage and training wage will both increase to **\$9.00** per hour.

1 July 2007 Kiwisaver comes into force. From this date employers will need to enrol all new employees aged 18 to 65 into the scheme. The employees then have 8 weeks to decide whether they want to 'opt-out'.