

# April - May 2015 Essential Update

## Helpful Hint

### Positively Exiting Employment

For managers and business owners, staff retirement is often not thought about in much detail. For some, all that exists is the knowledge that it will happen ... **we will all retire at some stage – we'll deal with it then.** But there are many things your business can do to make this transition easier, both for the employees, and for the company. Then it can be a positive experience for all.

It almost goes without saying that it is far preferable whenever someone leaves your company that they leave positively, on good terms. It's good for the morale of those left behind and encouraging for the one moving on. For people exiting for family reasons, or to see the world, or to take a specific step in their career, leaving a job is always positive as it's what they want. But for some people, jobs simply become too much (either physically or mentally), and others get left behind by the business or technology. For this group of people exiting a job is not a positive decision, and they may well not easily go voluntarily.

This creates awkward situations for businesses like:

- Removing someone because they are no longer competent in their job – despite 40 years in the business.
- Firing someone because they are no longer physically able to do their job, despite 25 years of good service, because they have a slowly debilitating illness.
- Removing someone after good service, just because they can't cope with the latest technological change.

Not only do we not want such situations at all, but when managing them we can experience further drama, like conflict between individuals/teams, time-wasting mediation, and firmness in management being alleged as bullying behaviour.

Some of us plan for retirement and some of us don't. But when situations are managed carefully and start early on, **you can ensure positive and peaceful transitions in your business.** The benefits of this include avoiding the above headaches and can actually create value – in reduced staff turnover, increased engagement and morale, and hence in improved productivity. Plus, a positive atmosphere is worth its proverbial weight in gold!

So whether retirements are due in the near future, or are years away start early:

- Have a policy for assisting with retirement planning
- Raise it at each annual review
- Offer retirement planning advice with a professional
- Create an atmosphere of support so staff will share medical conditions so their future can be worked into the business plan, and succession planning, and
- Provide ongoing training in business and resource developments.

*Don't leave things until the mountain is too high to climb, give us a call and we can work through a solution together, tailored to your business.*

## Contents

Included in this month's update:

- **Helpful Hint**
  - Positively Exiting Employment
- **Essential Essentials**
  - Medical Rehabilitation or termination
- **Did You Know?**
  - Over 65s in the workforce
- **Legal Latest** – Latest cases

## For more information

Regarding a newsletter item or for HR Consulting Services

Email: [mike@essentialhr.co.nz](mailto:mike@essentialhr.co.nz)

Phone: 03 9436310

Web: [www.essentialhr.co.nz](http://www.essentialhr.co.nz)

PO Box 7213, Sydenham, 8240

## Essential HR News

Follow our weekly updates

At least once per week we will post a short informative post on the website. You may subscribe to our weekly blogs using the “**Subscribe**” button on the “Keeping you posted” page, <http://www.essentialhr.co.nz/news/>.

April/May blogs include:

- **Mondayising of Anzac Day**
- **More restrictions on Trial Periods**
- **CPI falls**
- **Champion Canterbury Awards**
- **Employing Migrant Workers**
- **Immigration law changes**

## Mike's Whereabouts

Ashburton: Wednesdays

Darfield: Every 2<sup>nd</sup> Tuesday from Jun 9

## New face at Essential HR

I'm absolutely delighted to welcome **Becky Warwick** as my new HR Advisor and Business Supporter. I will be trying my hardest to get you to meet her over the next few months – so if someone else answers the phone, this is who it will be.

She brings a whole range of business and HR experience and I am just thrilled to have support again.

## Legal Latest

### **Wage Growth Figures**

The Labour Cost Index (measuring year on year changes in wages paid for the same jobs) is showing a 1.7% increase for the year to 31 March. This compares with inflation of 0.1% and an increase in the minimum wage of 3.5%. Wage increases have now been greater than inflation, on average for 3 ½ years.

### **Latest Cases of interest – clarifying some practical situations**

#### **Serious Misconduct**

A case involving Evergreen Food Company has given us a bit more of a definition of serious misconduct: “Conduct that deeply impairs or is destructive of that basic confidence or trust that is an essential part of the employment relationship”. And simply taking something of no resale value without permission, was **not** considered to be that destructive of trust.

#### **Responsibility for Safety of Contractors**

Be aware – a case in May involving Hau and Liu Union Limited resulted in an \$80,000 reparation award because they didn’t adequately train and supervise a contractor on their site. Don’t wait for the new legislation to sort your H&S. You are liable now for the safety of anyone on your site.

#### **Possible PG costs increasing**

Court cases have now made a number of references to a perception that Employment Court awards have been stagnating despite inflation and that we can expect to see some significant increases. In 2014 the maximum award was \$20,000 and that was only given twice. In February a court indicated the maximum should be \$33,000.

#### **Allowances and Deductions**

Please be aware that these are amounts that sometimes appear arbitrary and if you want them to be defensible in Court they need to be based on some realistic amount. For example a Court recently considered whether a particular vehicle allowance was part of Gross Earnings (and hence to be considered in the calculation of holiday pay). They said not but only because it had been reasonably calculated to reimburse actual costs.

The same principle applies when deducting \$ for short notice on resignation. Such a deduction must represent reasonable actual costs to the company, and not just a penalty to the individual.

*I strongly recommend you get our advice if any of the above affect you.*

## Here’s an Idea

### **Free benefit for your staff**

A free benefit for you and your staff. A client of mine has facilitated his staff talking to a financial advisor in relation to their home loans and insurance. The idea is that for a little bit of work time this provides the potential for much greater financial security for your staff and therefore less worry at work. Contact me for the name of the advisor.

*To unsubscribe from this Update just respond to the email with “Unsubscribe” in the subject line.*

## Did you Know?

In the past 20 years there has been an increase of 288 per cent in the number of people aged over 65 years who are still in the workforce.

## Essential Essentials

### **Medical Rehabilitation or Termination Process**

Having an employee off work for a long time can be a real challenge – either you need to get them back to work or identify that this can’t happen. The key to this is addressing it as soon as you know they will not be back within a few days. And illnesses are handled the same way as accidents (work or non-work). The goal is to get them back to their duties within a period the company can cope with – or determine reasonably that they will not be able to.

The process you need to follow is:

- Send a letter setting out the problem - that so much time is expected to be taken off with no guaranteed end in sight, and that the company cannot continue to manage without this role filled. You then meet the employee, their ACC Case Manager (or with access to their medical practitioner) and a support person.
- This meeting must be expected to generate a back-to-work plan that expects a return to full duties within an acceptable period (note this must be at least as long as it would take to recruit and train a replacement).
- If you cannot agree on an acceptable plan (and this may take at least two meetings) then you can propose termination of employment as an alternative. However, before this can be decided, you must first seek alternate duties either permanently or temporarily while the employee recovers; and the employee needs time to consider and respond to this proposal. If there is a reasonable alternative like this the employer is generally expected to follow it.
- If termination is proposed, and there is no suitable alternative, you meet again to consider any further medical and other evidence and if you are not persuaded that a return is practical in some form, then you can give notice.