

WELCOME TO OUR NEW TEAM MEMBERS...

STEPHANIE JOHNSTON



Stephanie Johnston recently joined Progressive Consulting in April 2007 as a Consultant in our Queenstown office working with Sheena Naughton.

Steph has a degree in commerce majoring in Human Resources from the University of Canterbury. Prior to joining Progressive Consulting, Steph worked in the Human Resources and Finance Departments for Christchurch based firm Jade Software Corporation Limited.

SUSAN SANFORD



Susan Sanford holds a law degree from the University of Otago and joined Progressive Consulting and Janet Copeland Law in March 2007. Susan is based in the Queenstown office as legal research assistant and support for the rest of the team.

Prior to joining the company Susan worked in Palmerston North as a Consultant for the Employers and Manufacturers Association providing Human Resource knowledge for its members.

BUDGET CURVE BALLS - WHAT NOW FOR KIWISAVER?

POST-BUDGET UPDATES:

In Budget 2007, additional incentives to save through KiwiSaver have been provided for, including:

- ◆ providing a **tax credit to savers** (including self-employed or unemployed) that matches their contributions into KiwiSaver (or a complying superannuation fund) up to a maximum of \$20 per week (\$1,040 per year) from 1 July 2007, to be paid directly into their KiwiSaver/complying superannuation fund account;
- ◆ phasing in **compulsory matching employer contributions** from 1 April 2008 (subject to legislation being passed). These will increase on this date each year by 1%, i.e. from an initial employer contribution of 1% in 2008 through to 4% by 2011 ;
- ◆ providing a **tax credit to employers** that reimburses their contributions at a rate of 100 per cent, up to \$20 per week (\$1,040 per year) per employee from 1 April 2008 (subject to legislation being passed).

Other new details to note:

- ◆ From 1 April 2008, employer contributions will not be able to count towards the minimum 4 per cent contribution for new KiwiSaver members.
- ◆ Employer tax credits will be paid to employers through the PAYE system by offsetting the credit against the employer's contribution and other PAYE liabilities to minimise cashflow impacts and compliance costs.
- ◆ From 1 July 2007, employer contributions to KiwiSaver schemes will need to be made through Inland Revenue.

POTENTIAL IMPACTS:

- ◆ **Pay Reviews:** Some employers may have already committed to pay increases beyond April 2008, which now will be higher with the additional cost of compulsory employer contributions. Likewise, employers currently reviewing pay rates will need to factor in these potential costs, and consider ongoing relativities between the pay of staff who choose to be members of the scheme versus those who don't (i.e. factoring in compulsory employer contributions to an overall remuneration package).
- ◆ **Redundancies:** For KiwiSaver members, any redundancy payments will be subject to KiwiSaver contributions made both by the employee and, from 1 April 2008, the employer. This may mean that in the event of redundancy after 1 April 2008, an employer's costs would be higher. In addition, if a KiwiSaver member was to be made redundant, their contributions will still be taken out of any redundancy payment they would receive, leaving them with less to tide them over.

Angela will be holding KiwiSaver seminars soon and you are welcome to come to these.
Just contact her on (03) 2110153 or email angelamorqanroberts@WeAreHR.co.nz

IMPORTANT!!

Please note that due to an error our contact information has unfortunately been omitted from the new edition of the Telecom White & Yellow Pages.

We have attached a copy of the contact details for each of our offices to this newsletter, in order for you to add these to your list of contacts.

We apologise for any inconvenience this may cause.

Remember we are only a phone call away!

62 Deveron Street, Private Bag 90106, Invercargill
Phone: 03 218 1854 or (03) 211 0153
Fax: (03) 211 0121

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This newsletter is prepared by Progressive Consulting and Janet Copeland Law. It is produced to provide a brief summary of issues and developments which may affect our clients in these fields. While we take care to ensure that the information is correct, details may be omitted which may be directly relevant to a particular entity. The information should therefore not be taken to be sufficient for making decisions. If you have any questions in relation anything discussed here or just a general query, contact the team who will be happy to assist you.

ON THE CASE - KEY INGREDIENTS THAT SUBWAY FORGOT

Most would have heard about the recent dismissal of an employee, Jackie Lang from a Subway franchise in Dunedin, where Ms Lang was fired and charged with theft for sharing her staff drink with a friend while on a break. Subway apparently claimed that this was serious misconduct and a breach of trust and fidelity. Police later dropped the charges against Ms Lang and a confidential settlement has now been reached between Ms Lang and the Dunedin Subway outlet.

This situation provides some key lessons for employers to consider when dealing with potential disciplinary issues:-

The Process Itself:

- ◆ Make the staff member aware of the allegations or concerns and the potential for disciplinary action to be taken prior to any meetings about the issue. Don't surprise them with this at the meeting itself.
- ◆ Consider what the most appropriate action is - in the above case, Subway decided to go to the extent of getting the police involved, though dealing with this at an internal level using their own established procedures would have been more appropriate.

Is Your Decision Fair and Reasonable?:

- ◆ Consider whether the punishment actually fits the crime - in the Subway situation, dismissal was an extreme response for any reasonable employer, when a warning would have been sufficient.
 - ⇒ Try to think objectively about the seriousness of the allegation - what would another reasonable employer do?
 - ⇒ Consider their explanation - is it reasonable/understandable, even if the action is not acceptable? How does this impact on the seriousness of the matter at hand?
 - ⇒ Consider whether the employee has had a clean slate up to that point, as their previous performance may also mitigate your decision.
 - ⇒ Consider any other similar instances you have dealt with previously - are you being consistent?

The main lesson is to step back and think about the situation from another employer's point of view. Don't let a spur of the moment decision result in you taking unreasonable action which you can't justify.

ON THE CASE - LOCAL LESSONS

The recent case of *Miller v Nichols Garden Group Ltd (2007)*, provides a local example in regards to the importance of ensuring your staff are employed on the right type of employment agreement and that there is clarity around the nature of the relationship from the get go:

Neville Miller applied for a full-time garden centre assistant role at Nichols Garden Centre in Invercargill, but was initially unsuccessful for this. However he later contacted by Nichols and verbally accepted an offer of employment with the understanding that this was for the same permanent position that he had applied for previously. However, Nichols insisted that they had made it clear at the time that the offer was for a casual yard sales position of a seasonal nature.

Between October 2005 and March 2006 Mr Miller was working an average of 42.5 hours per week, occasionally varying from 34 to 59.5 hours per week. These hours were rostered on a monthly basis. In March 2006 Mr Miller's hours were reduced to only 4-6 days per month, and he was told by Nichols that this was because the work was seasonal with this drop in hours occurring every year. Contradictory statements were given by both sides as to whether this was the first time Mr Miller had been told of the seasonal nature of the work.

Soon after this change in hours Mr Miller was given a written warning for 'badmouthing' the company to customers (though the Company admitted at the Authority hearing that proper process was not followed). Two days after the warning Mr Miller received a letter terminating his employment, with no notice provided for.

The Employment Authority found that Mr Miller's employment was actually permanent part-time with no fixed hours, rather than casual. As a result, it was found that Mr Miller was unjustifiably dismissed. Mr Miller was awarded \$8000 compensation and \$8308.75 in lost wages - a significant payout which could have been avoided if the nature of the role had been made crystal clear at the beginning.

MANAGEMENT DEVELOPMENT - MAKING THE MOST OF YOUR PEOPLE

How do you make sure that you have the best people leading your business?

How do you identify which of your staff have great potential for senior roles?

At Progressive Consulting we are about to introduce a 360° tool from the testing provider, SHL. Their *Universal Competency Framework (UCF) 360° Feedback Questionnaire* provides **objective behavioural feedback** against a range of competencies relevant for managerial and leadership roles. Allowing a **range of perspectives** means that feedback is more robust and thorough. When used as part of a leadership, management, or talent development programme, this tool provides **insight regarding individual strengths and development needs**, and can be used to formulate ongoing development plans and succession programmes.



This system will soon be available online through our **new SHLSolutions Testing website**, which also means greater flexibility in terms of administering the questionnaires and collecting the results. This online access will be particularly useful for participants from different offices or for those who are often out and about away from the office. It also provides a greater assurance of confidentiality to participants, by streamlining the process of collecting the data.

Benefits of Using a 360° Feedback Process:

- ◆ Helps your business get the most from the knowledge, skills, and experience that each member of your team possesses.
- ◆ Identifying and implementing development opportunities helps you retain staff and the investment you have made in them.
- ◆ Assists with succession planning, to ensure ample preparation and handover to replace any senior staff that may be leaving key positions.
- ◆ Information is received from all angles - from an individual's manager, colleagues, direct reports, and other key stakeholders like clients or customers, so you get a full picture.

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To find out more about how our new 360° feedback tool can assist with the development of your senior staff and management team, contact Kelly Wills on (03) 218-1854.

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**Remember to RSVP for our
Post-Budget KiwiSaver Update!...**
(See over page for details)