



EMPLOYER NEWS 2022

PERRIAM & PARTNERS

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SICK PAY WITH OMICRON IN THE COMMUNITY

What to pay staff when sick or isolating is the next challenge.

There are many different scenarios which can occur when people are sick or forced to isolate during this coming period. The best way to explain is with some scenarios:



SCENARIO 1 (COVID)

- Employee is sick with Covid-19 – the employee can take sick leave (if no other subsidy scheme payment is received) or the employer can apply for the LSS (Leave Support Scheme).
- LSS payment is used to cover the leave period and sick leave or annual leave if sick leave exhausted, can be used to top up the wages to 100% in the event of a short fall.

SCENARIO 2 (TEST)

- Employee is sick/has symptoms and awaiting testing results – can take sick leave (if no other subsidy scheme payment is received) or the employer can apply for the STAP (Short Term Absence Payment).
- STAP can be used to cover this period and sick leave or annual leave if sick leave exhausted, can be used as a top up.

SCENARIO 3 (TEST)

- Employee not sick, but need to test due to valid reason (employee must provide a valid reason for the test and time off needed for this) – the employer can apply for the STAP and the employee and the employer can agree to use annual leave to top up the amount. If there is no agreement for the use of annual leave – look to your pandemic clause. This is not sick leave as the employee is not sick.

SCENARIO 4 (ISOLATION)

- Employee needs to isolate due to having Covid or other Covid related reason and can and does work from home – normal wages.
- Employee needs to isolate due to having Covid and cannot work from home – LSS and top up from sick or annual leave if no sick leave available.
- Employee needs to isolate due to close contact/health directive/or dependant and cannot work from home – LSS and top up with annual leave or special leave. Special leave can be agreed between the employer and employee, this is not an obligation of the employer but rather an additional benefit to the employee. Look at your pandemic clause for guidance.

The following Government schemes are currently available:

Short term absence payment - STAP (\$359.00 one off payment / once every 30 days)

www.workandincome.govt.nz/covid-19/short-term-absence-payment/how-to-apply.html

Leave Support Scheme - LSS (\$600.00 or \$359.00 weekly payments)

www.workandincome.govt.nz/covid-19/leave-support-scheme/how-to-apply.html

Source: employers.co.nz



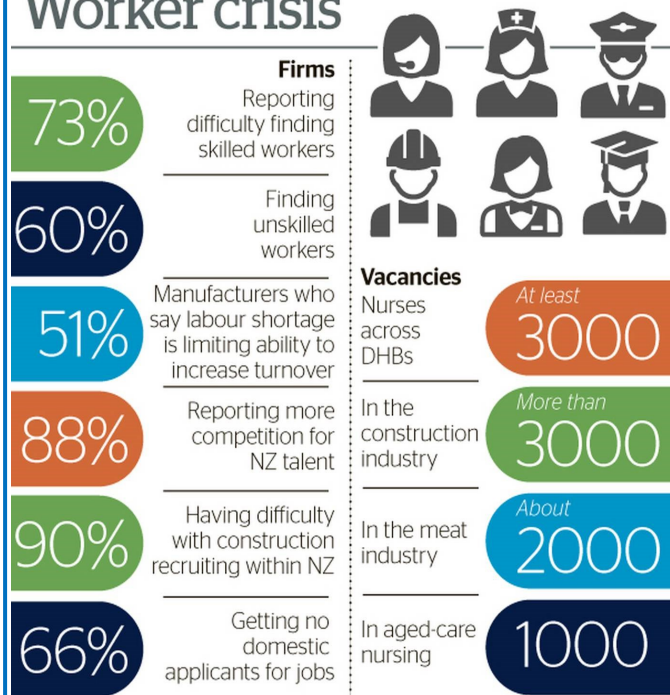
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WORKER CRISIS

Worker crisis



Workers



Herald Network graphic

EMPLOYERS READY FOR STAFFING SHORTAGES AS BORDERS REOPEN

With the borders finally being reopened, employers are bracing themselves for an inevitable rush to the airport.



During Covid times, many New Zealanders have been reluctant to leave New Zealand especially with the risk of New Zealand borders shutting down again, however this is likely to change.

International recruiters and employers have been active in looking for talent to fill vacant roles and this is likely to be very tempting for many, young talented New Zealanders.

Further to this, the cost of living crisis which New Zealand is currently experiencing, and the difficulty in being able to buy a house here are all factors that could play a part. This is very worrisome for some employers, especially those in the construction industry who are already struggling with staffing shortages and ability which is causing delays on many projects.

Richard Herd, CEO of Naylor Love said the Government's view that the industry trains workers from New Zealand's unemployed, rather than migrants was not an option. In order to rectify this, Richard Herd is of the opinion that New Zealand needs more overseas skilled workers and needs to lower the skilled migrant category salary from \$107,000.

Companies also need to look outside the box in order to retain top quality staff in this market.

Source: NZ Herald

MINIMUM WAGE IS INCREASING ON 1 APRIL 2022. ARE YOU READY?

As a business owner or manager, you need to be ready for the increase in minimum wage rates on Friday, 1 April 2022. If you have not yet talked to your accountant, payroll provider or your finance/HR teams, now is the time. It's also an opportunity to check your employment records, processes and systems. The details of the changes are:

- The adult minimum wage will increase from \$20.00 to \$21.20 per hour.
- The minimum wage for starting-out and training will go up from \$16.00 to \$16.96 per hour.
- All rates are before tax and any lawful deductions, for example, PAYE tax, student loan repayment, child support.

Here's how to be ready for the increases:

ADVISE THE TEAM

If you have employees on the minimum wage, let them know about the increase they will be getting. You should send them a letter or email (variation of employment contract) advising them of the new wage.

CHECK YOUR PAYROLL SYSTEMS AND PROCESSES

Talk to whoever runs your payroll system to make sure they are ready to implement the changes. If your system is manual or computer-based, you should check and confirm the settings will be adjusted for the new rates.

If any of your employees are on starting-out or training wages, now is a good time to check when they will be eligible to move onto the adult rate.

If any employment agreements (contracts) are not current or you did not give one to your employees, now is an ideal time to discuss this in good faith with your employees. Update the contract with any terms and conditions that were agreed to by both parties before the contracts were last reviewed. Make sure they include all the mandatory clauses a contract should have by law. Another useful tool is the employment agreement builder, if your employees do not have one.

EMPLOYEE PAY RELATIVITY

You may also wish to consider potential impacts on your business due to internal wage relativity and external benchmarking. Higher-up employees may possibly want to negotiate a pay increase to maintain the relative difference.

BORDER REOPENING

Consider what impact the reopening of the borders may have on current employees with high leave balances. Will there be an influx of employees wanting to take leave? Engage with the employees early on to gauge their appetite for leave requests in the coming year. How will you manage this, and how will it impact your current year cash position should you have to engage with high levels of temporary staffing?

UPDATE YOUR BUSINESS BUDGET

You should add any expected increased costs to your short and medium-term budget forecasts, to help you plan for and manage the effect of higher wage and holiday pay liabilities. If your business is expecting significantly increased costs, you may wish to review your pricing, taking into consideration any possible reaction by customers.

UPSKILL ON MINIMUM WAGE OBLIGATIONS

Now is also an ideal time to ensure you know the details around the minimum wage, including that:

- It applies to all hours worked, unless both parties agree to a higher rate in the employment agreement.
- It applies to employees paid with a salary or piece rates or commission.

Note the minimum wage does not apply in some situations including:

- employees under 16 years of age
- where a Labour Inspector has issued a minimum wage exemption permit to an employee who has a disability that limits them carrying out the requirements of their work.

ANNUAL PERFORMANCE REVIEWS ARE OUT, AND GIVING REGULAR FEEDBACK IS IN

For many of us, performance reviews are an inevitable fact of life. Managers need to do them to ensure they know the strengths and weaknesses of each member of their staff, and that they're able to gauge their potential for promotions or other roles; and employees need them to know how they're going, if their ideas are what the company wants and if their work ethic suits their workplace and role.



Yet, performance reviews do not need to be frightening, shocking or a one-time-a-year event:

just because something has been done a certain way for decades doesn't mean it can't be done differently – and better. The reality is, many organisations are still cramming a year's worth of commentary about someone's work into an hour-long meeting, which usually ends up being a highly critical assessment of a staff member's shortcomings with little time left over to discuss their contributions to the team and organisation. It's also very common for managers to be blinkered by recency bias, the tendency to draw on experiences freshest in their memory.

Leaving millions of employees in the dark when it comes to their performance is not only counter-intuitive to encouraging their own professional development, but also to creating an open and welcoming work culture. There are a few ways small businesses can shake up the performance review process at a time when so many of us are disconnected from the workplace – and perhaps take this mentality forward beyond the pandemic.

GIVE MORE REGULAR FEEDBACK (BUT DON'T GO OVERBOARD)

Performance reviews are usually a nerve-wrecking time for both employee and employer, and having only one a year just adds to the build up. Instead of relying on that one massive meeting, why not consider scheduling a number of shorter sessions that allow you to manage issues as they come up, while also giving employees bite-sized, critical assessments they can work on throughout the year?

For example, setting out some defined quarterly goals at the outset and scheduling a bi-annual performance review, a quick, weekly one-on-one with direct reports, and one annual salary review would not only reduce the anxiety and intensity for both parties, but also enable both to keep track of goals and issues as they come up throughout the year.

However, a word of caution: while it may be more onerous on the employer, it's also a good idea to assess the type of employee you have and what they are going through, especially during difficult times such as a pandemic. For some, having managers checking in and offering bite-sized performance feedback sessions in a bid to keep their workers motivated and engaged can be very stressful, as working from home has increased the number of online meetings we are participating in.

EMPHASISE GOOD WORK OVER BAD WORK (IF POSSIBLE)

We've all probably heard of the "sandwich approach": when a manager offers a piece of negative feedback "sandwiched" between two positive ones, thus theoretically easing the blow of the critique.

There are a few problems with this method: one is that if you provide feedback in a sandwich, the employee forgets what you said about his or her positive performance when you use terms such as "and" or "but" to transition to the perceived negative feedback, often leading to the employee losing the positive first interaction and focussing on the more negative feedback. This can be particularly shocking for someone who's had no real warning beforehand and is hearing this for the first time in a year. We've found that by focusing on employees' weaknesses in a performance review, they are 26 percent less likely to be engaged with their work.

If possible, managers should try to emphasise positive feedback while delivering constructive criticism in a straightforward and un-emotional way. Positive feedback is a powerful tool that managers can use to communicate the value of the employee's work and contribution to the company, reinforcing the behaviours and acts they would like to see more of on the job.

PAY ATTENTION—AND DON'T RUSH THE PROCESS

An already nervous employee is bound to be attuned to any perceived sense of negativity, so when performing reviews, managers should try to be at ease. Yes, a difficult conversation may lie ahead, but as with so many things, it's all in the delivery. The most important part of having a successful performance review is giving your undivided attention to your direct report, and walking them through the achievements, results and areas to improve on.

You don't want to rush through the process – you should focus on actively listening to what your reports have to say, and provide constructive feedback wherever possible. If done well – and kindly – the performance review need not be a time dreaded by all. There are so many variables when it comes to work performance, and keeping track of each report as they progress on a more regular basis will not only cut down the time managers criticise, but also allow employees to meet smaller, less intense targets and improvements rather than being rattled by a smorgasbord of KPIs.



**“I know it’s awkward with me being the new boss and all ...
but when you meet me in the halls,
don’t act like I’m going to eat you alive.”**