



ACCELERATE

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OUR NEWSLETTER FOR GROWING BUSINESSES

In this issue, we focus on the most important aspect of your business — **your people**.

Get the lowdown on some major employment changes in New Zealand, including fair pay agreements, and find out if your industry will be affected first.

Learn about the crucial and often-overlooked distinction between contractors and employees, and what employers must get right.

Find out about the landmark court ruling involving Uber that could change New Zealand employment law forever.

Not forgetting your customers, we've got the inside track on how to boost your sales with email marketing.



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CONTACT OUR TEAM

Find us at: 268 Broadway Avenue, Palmerston North

Phone: 06 357 0083

Email: info@pearce.co.nz



Fair Pay Agreements - what you need to know

New fair pay agreements (FPA) law came into effect on December 1 last year, marking the biggest shakeup in New Zealand employment in decades. Six months on, how could your business be affected?

What's an FPA?

The new fair pay agreements law allows employees to bargain collectively for industry- or occupation-wide minimum employment terms, such as pay, leave, and training standards. It's designed to give workers more power to negotiate terms within an industry.

To initiate bargaining for a fair pay agreement, a union needs to represent either 10% of the employees who would be covered by it, or 1,000 employees, or show there's a public interest case. Importantly, an employee does not need to be a member of the initiating union, or indeed any union, to be covered by a fair pay agreement.

What does it mean for you?

The FPA system will bring more small businesses into the industrial relations process, though the bargaining party/ies for employers are employer associations, of which they may or may not be members.

Unions are now more likely to seek access to businesses to obtain information about pay and working conditions from employees.

Recent FPA approvals

In May, MBIE approved the initiation of bargaining for a fair pay agreement for the hospitality industry, covering more than 150,000 workers and 24,000 employers. The application was made by the Unite Union, which will now start negotiations with bargaining parties on the employer bargaining side to work out the terms of an FPA.

Approval to initiate bargaining has also been given to unions representing the bus transport, security, commercial cleaning, and early childhood education sectors. Two applications to initiate bargaining (in the supermarket and grocery industry and the waterside industry) are still being assessed by the Ministry of Business, Innovation and Employment.

What happens next? And what should I do?

It would be best to seek business advice ahead of an FPA affecting your business coming into effect. By law, compliance is expected of all within coverage, regardless of whether they have been involved in the bargaining.

The compliance burden will likely grow for SMEs in the years to come. The changes could eventually lead to rising costs for small businesses as industry-wide and occupation-wide pay agreements are agreed.

Consult with your business advisers to discuss how you might be affected.



What's the difference between employees and contractors?

Does your business use both employees and contractors? It's important to distinguish between them as they are paid and taxed differently.

Despite what you may call the individual concerned, that description is not definitive. If the status of the worker is questioned in the Employment Court or Employment Relations Authority, for example, the Employment Relations Act 2000 requires a consideration of the "real nature of the relationship". Common law tests assist in determining what that is. They include:

- the control test, ie how much control the hirer has over the worker
- the integration (or organisation) test, ie whether the worker is independent or instead an integral part of the business organisation of the person who engaged them
- the economic reality (or fundamental) test, ie is the worker performing services as a person in business on their own account?

These tests, which can involve many considerations, and the law that has developed in the employment jurisdiction, also assist Inland Revenue when it's investigating the status of a worker.

Key payment differences

When paying employees, businesses should deduct PAYE, ACC, Student Loan Repayments, Child Support, and KiwiSaver/Superannuation.

Inland Revenue takes a tough stance on employers who ignore their PAYE obligations by treating employees as contractors. Companies that breach the rules can be prosecuted and fined.

The bottom line:

As an employer, you need to keep good records and be clear on your obligations concerning the taxation of your workers' earnings.

Uber court case

Last October, four New Zealand Uber drivers won a landmark case against the ridesharing app, which recognised them as employees, not contractors.

The decision enables these workers to claim rights and protections as Uber employees.

The ruling has broader implications for Kiwi businesses and how staff are categorised.

Employment status entitles workers to minimum employment rights under New Zealand law, including the minimum wage, leave entitlements, and access to union membership and collective bargaining.

While the ruling was only made for the four drivers, legal experts believe the case could lead to more action against businesses over employment status. Uber has been granted the right to appeal the Employment Court decision.

Your business should be clear on who is an employee and who is a contractor to avoid issues down the line. Discuss your contractor agreements with your advisers if you're unsure.



Putting together the perfect marketing email is a fine art. Here's a six step process to crafting the best customer messages to boost your sales.

1. Determine the goal of your campaign

Don't just put any message out there. Make it targeted and know your goal.

Are you looking to educate or re-engage customers? Are you keen for signups or referrals? Are purchases or registrations your main target? A clear target can help.

2. Measure your success

What are your key performance indicators once your email has gone out? There are several ways to measure this, from your click-through rate to your email list growth rate, or unsubscribe rates.

You'll need to review all these metrics alongside conversion rates, email read times, churn rate, and subscriber acquisition cost to determine the true value of your messaging.

3. Use a professional platform

Email marketing platforms like Mailchimp or Litmus can provide easy-to-use, professional templates for email marketing, and many can integrate with your sales tools, allowing for more personalised messaging.

These tools can help from every aspect of planning to execution — perfect for first-time senders.

4. A strong CTA

A 'call-to-action', the snappy message at the end of your email inviting your customer to engage, can drive new business or get old customers back onside.

Highlight the value of what might happen after they click; phrases like 'save time now', or 'save money today' can entice customers to choose your business.

5. Optimise design

As mobile devices become the dominant medium for New Zealanders browsing online, it's crucial that today's marketing emails are optimised for viewing on phones and tablets.

Make sure your images are clear and in high resolution, and that email file sizes are below 102KB to avoid them being clipped by recipients' Gmail accounts.

6. Double check everything

Even when you think your email is ready to go, give it one last check.

Verify that your subscribers have opted in, and research and follow spam laws in the countries where your customers are based. [Here is a snapshot of current laws in NZ.](#)

Don't forget to check spelling and grammar, and hyperlinks to ensure they work.

TAX CALENDAR – AUGUST 2023

| Date | Category | Description |
|-----------|-----------------------------|---|
| 7 August | PAYE | Large employers payments due for deductions made 16 th to 31 st July. File employment information within two working days after payday. |
| 21 August | RWT | RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during July. |
| 21 August | NRWT / Approved Issuer Levy | Payment and return for July. |
| 21 August | PAYE | Large employers payments due for deductions made 1 st – 15 th August. Small employers payments for deductions made in July. File employment information within two working days after payday. |
| 28 August | GST | Payment and return for July. |
| 28 August | Provisional Tax | Instalment due. |

* Note: the provisional tax due dates apply to those clients who have a March balance date. Different dates will apply for those clients who have different balance dates.

Disclaimer: This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.