

## **Addressing zero-hour contracts and other employment practices – Q & A**

### **What are Zero Hours contracts?**

The term 'zero-hours' is not currently defined in New Zealand legislation. However, it is commonly described as arrangements where the employer does not commit to a minimum number of hours but the employee is required to be available for work and no compensation is paid for that availability.

### **What specific changes has the Government announced?**

#### **a) Stating agreed hours in the employment agreement**

Where the employer and employee agree to a set amount of hours, they will be required to state those hours in the employment agreement. Employers will be prohibited from requiring employees to be available above their contracted hours unless they compensate the employee for that availability. Employers are not obliged to offer, and employees are free to decline, work that is above the agreed number of hours.

#### **b) Cancelling a shift without reasonable notice or compensation**

An employer will not be able to cancel an employee's shift or send an employee home part-way through a shift without receiving compensation. Employers will be required to either give employees more notice before cancelling work, or compensate them for late notice.

#### **c) Putting unreasonable restrictions on secondary employment**

Employers will be prevented from restricting secondary employment for employees, unless they have a genuine reason based on reasonable grounds to do so. Those grounds won't be prescribed but will be related to the risk of loss to the employer of knowledge, property (including intellectual property) or competitive advantage

Employers will be able to request employees to disclose any secondary employment.

#### **d) Making unreasonable deductions from employees' wages**

Employers will be unable to deduct money from employees' pay for losses which the employee had no control over and no contribution to through negligence. For example an employer will not be able to make deductions from an employee for theft by customers.

Employers will still be able to make reasonable deductions for things like providing accommodation to employees, provided the employee agrees to those deductions in writing.

### **Will 'reasonable notice' and 'reasonable compensation' be defined?**

The range of scenarios make this impractical and the new law will not do this. The employer and employee are encouraged to agree on what reasonable notice and compensation is as part of the terms and conditions of the employment agreement.

**What will be the financial implications of these changes for employers?**

Employers will have a transitional period during which to update employment agreements where hours and compensation for availability are needed to be added into the agreements. These changes will have minimal financial implications on employers. There may be some implication on employers who wish that their employees remain available for work and therefore must provide compensation.

**How can people seek redress if there are breaches of these bans?**

If people have issues in these areas and need assistance, the Ministry of Business, Innovation and Employment Service Centre 0800 209020 is a good place to start.

Breaches can be addressed using the standard personal grievance processes under the Act, usually through Mediation Services which is a free service and part of the Ministry of Business, Innovation and Employment.

For any unreasonable deductions from wages and if mediation doesn't resolve the issue, people can also seek redress and a penalty under the Wages Protection Act through the Employment Relations Authority.