Terms and conditions

What are terms and conditions?

The terms and conditions of a role are the things that you will provide in exchange for the employee completing the work, i.e. they are the general and special arrangements, provisions and rules that will make up your employment agreement.

Some of the terms and conditions that might be negotiated and included in an employment agreement are:

- **Remuneration:**
  - Salary / wage,
  - Incentives and bonuses,
  - Non-cash items such as firewood, phone rental, meat, milk, accommodation, dog food, electricity/gas,
  - Frequency and method of payment,
  - Timing and frequency of pay reviews;
- **Time-off / rostering:**
  - Hours of work and time off,
  - Any annual and special leave above the minimums;
- **Accommodation,**
- **Training / development:**
  - How cost and time are dealt with; and
- **Changing employment:**
  - How much notice is required when leaving,
  - What, if any, redundancy provisions are included.

How do I determine what is fair or a good package for my employee?

The total package that an employee receives for doing the job needs to be fair for both the employee, and the employer, for an employment relationship to remain strong and effective. If the pay or package being received is not fair, then the employee is unlikely to be motivated to work hard and improve.
How to determine fair remuneration:

When determining what to pay employees remember that remuneration is influenced by the:

- Knowledge, skills and abilities required to perform the job;
- Value of the job to the business;
- Physical demands of the job;
- Amount of training or experience required;
- Working conditions associated with the job;
- Amount of responsibility associated with the job; and
- Current market rates which result from the supply and demand for labour.

When presenting remuneration in an employment agreement be sure to use Total Package Value (TPV) which is a total sum of the cash and non-cash benefits you will offer an employee. Using TPV makes it more likely that your employee will recognise the value of any benefits you are providing.

How to determine fair hours of work:

Your ability to negotiate the hours of work and time off will likely be heavily influenced by the number of employees you have on farm and the flexibility this affords. For many workers time off is a critical factor in making a decision regarding employment, you should talk to each individual and see what they require and want. Remember:

- An employee who does not receive fair time off is unlikely to perform at their peak and also poses a much greater health and safety risk.
- Most dairy farm employees are trying to do their best job however if they are a salary or wage earner their motivation to work “around the clock” is usually going to be less than for a contract or equity.
- If your farming situation dictates that reasonable / desirable time off during the milking season is not possible, consider giving your employee an extra few weeks off (paid) during the dry season to make up for it – and follow through!
- Alternatively consider employing a regular relief milker, the standard of applicants you then attract might easily offset the additional cost, not to mention the goodwill you could create.

How to determine what terms and conditions are really valued by your employee:

Negotiating terms and conditions really can be a negotiation. Ask your employee what they want and you may be surprised. Of course remuneration is important but once the money is fair and reasonable (and enough to live comfortably off) then other factors such as time off, development opportunities and lifestyle usually dominate. Some items may be of huge importance to your employee and cost you very little. So be open minded and creative in working to an agreement. You might find that the outcome suits your business plan better than you expected.