What is an employment agreement?

An employment agreement documents the working relationship agreed between the employer and the employee. It is a legal requirement for all new employees under the Employment Relations Act 2000.

An employment agreement clarifies the employee’s rights and responsibilities, and outlines what the employer expects of the employee in return.

Who has to have an employment agreement?

All permanent and casual employees, this includes relief milkers.

Independent contractors such as variable order and 50/50 sharemilkers, or agricultural service contractors, do not legally have to have written agreements, however it is still advisable and a huge advantage in ensuring that responsibilities and expectations are clearly understood.

Why is an employment agreement important?

An employment agreement clearly explains to new employees (or employees changing responsibilities) the type of work they will be doing, where they will be doing it, and when. It also explains what they can expect in return for doing that work, i.e. their terms and conditions. The employment agreement provides a legal safeguard for both parties, but equally importantly, ensures that both parties have discussed how they will work together and by signing have agreed upon this.
What information is required in an employment agreement?

The following is a list of the legal minimums that an employment agreement must contain:

<table>
<thead>
<tr>
<th>Information Required</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The names of the employer and the employee</td>
<td>The name of the employer must be the name of the person or entity that pays the employee, not the name of the supervising manager - unless it is the same person.</td>
</tr>
<tr>
<td>A description of the work to be performed</td>
<td>As a minimum this should be a broad description of the type of work to be carried out on the farm, however detail is preferable. This description should also include any special or different tasks that will be performed by the employee on the farm.</td>
</tr>
<tr>
<td>An indication of where the work is to be performed</td>
<td>This should include the locality and road address of the property. Also list any other properties that the employee may be required to work on, such as runoffs.</td>
</tr>
<tr>
<td>An indication of the hours of work</td>
<td>The hours of work should be as accurate as possible, ideally split by season and indicating expected start and finish times for each season.</td>
</tr>
<tr>
<td>Remuneration</td>
<td>This should include what the wage/salary is, how wage payments will be worked out, how often the payments will be made, when they will be paid and how they will be paid. Any other allowances should also be detailed, including non-taxable allowances, such as wet weather gear and meat, and taxable allowances, such as accommodation.</td>
</tr>
<tr>
<td>A plain language explanation of how employment problems will be resolved</td>
<td>This should outline the employee’s right to raise a grievance up to 90 days after becoming aware of the issue causing the grievance. It should also include the steps the employer will take to ensure that any employment problems are dealt with in a timely and efficient manner. Employment problems may include, but are not limited to, personal grievances. It should also explain what options are available to both parties should internal procedures fail to deliver a satisfactory solution.</td>
</tr>
</tbody>
</table>

Other potential items to include in an employment agreement:

The following is a list of items that you might choose to include in the employment agreement, or as an attached policy manual that more clearly defines expectations. Remember that discussing, and agreeing upon, the employment agreement is a great chance to start communicating clearly with your new employee.

- Leave entitlements – highly recommended for inclusion,
- Roster system,
- Accommodation provisions and how rent will be deducted,
- Health and safety obligations,
• Timing and frequency of pay reviews,
• Length of notice required prior to leaving,
• Performance review policies,
• Security and confidentiality agreement,
• Processes for dealing with termination of employment,
• Processes for dealing with misconduct and serious misconduct, and
• Harassment policy.

Where do I go to get help with employment agreements?

For some businesses, drafting your own employment agreement might be appropriate, however care must be taken to ensure that it fulfils any legal requirements. For most dairy farmers it will be best to take an existing template agreement and amend it to make it specific to your situation. Templates are available from the following sources:

• **Federated Farmers** – members can also receive advice from their employment experts:
  • 0800 FARMING
• **Employment Relations** Info-line:
  • 0800 20 90 20
• **Rural Professionals** – including lawyers, accountants and farm consultants.