



The Importance of Record Keeping

Keeping accurate employment records is not only an important requirement of being a responsible employer; it is also an important part with being a compliant employer as well.

The **Employment Relations Act** and the **Holidays Act** stipulate the records that are required to be kept. These records must be made available to employees, their unions and to Labour Inspectors if they ask for them and must be **kept for six years**.

They must be kept in paper form or electronically as long as they can be converted to written form.

Labour Inspectors have recently been granted more powers through the passing of the **Employment Standards Legislation** bill to ask for any information that will assist in their investigation on breaches of minimum employment standards and can now issue infringements (*finer*) of **\$1000** to employers for failing to keep adequate records.

There are two main records that you need to be aware of; the **wages and time record**, and the **holiday and leave records**.

The wages and time record must record:

- (a) the name of the employee
- (b) the employee's age, if under **20 years** of age
- (c) the employee's postal address
- (d) the kind of work on which the employee is usually employed
- (e) whether the employee is employed under an individual employment agreement or a collective agreement
- (f) in the case of an employee employed under a collective agreement, the title and expiry

- (f cont.) date of the agreement, and the employee's classification under it
- (g) the number of hours worked each day in a pay period and the pay for those hours
- (h) the wages paid to the employee each pay period and the method of calculation
- (i) details of any employment relations education leave taken

The holiday and leave record must record:

- (a) the name of the employee
- (b) the date on which the employee's employment commenced
- (c) the number of hours worked each day in a pay period and the pay for those hours
- (d) the employee's current entitlement to annual holidays
- (e) the date on which the employee last became entitled to annual holidays
- (f) the employee's current entitlement to sick leave
- (g) the dates on which any annual holiday, sick leave, or bereavement leave has been taken
- (h) the amount of payment for any annual holiday, sick leave, or bereavement leave that has been taken
- (ha) the portion of any annual holidays that have been paid out in each entitlement year (*if applicable*)
- (hb) the date and amount of payment, in each entitlement year, for any annual holidays paid out as annual leave cash-up (*if applicable*)
- (i) the dates of, and payments for, any public holiday on which the employee worked
- (j) the number of hours that the employee worked on any public holiday
- (ja) the day or part of any public holiday agreed to be transferred and the calendar day or period of **24 hours** to which it has been transferred (*if applicable*)
- (k) the date on which the employee became entitled to any alternative holiday for working on a public holiday

- (l) the details of the dates of, and payments for, any public holiday or alternative holiday on which the employee did not work, but for which the employee had an entitlement to holiday pay
- (m) the cash value of any board or lodgings,
- (n) the details of any payment to which the employee is entitled to payment in exchange for an alternative holiday
- (o) the date of the termination of the employee's employment (*if applicable*)
- (p) the amount paid to the employee as holiday pay upon the termination of the employee's employment (*if applicable*)

Note:

These records do not all need to be kept in your payroll system, but you must be able to produce these records if required.

Example:

Clients that use some sort of time and attendance software in addition to their payroll may choose to keep the number of hours worked each day in the pay period in this software. For those that don't use this type of software it is important to make sure that any daily timesheets are kept if the only entry into the payroll is the total number of hours paid for the entire pay period for each employee.

Should you choose to do so, Datacom Payroll systems allow time records to be recorded at a daily level. This means that all of this data will be in your database, available online, and automatically backed-up between our two datacentres.

Article continues overleaf, please turn over.

“Records must be made available to employees, their unions and to Labour Inspectors if they ask for them and must be kept for six years”.

By having these documents stored electronically, all of the sustainability and financial issues that come with printing and storing volumes of paper will be a thing of the past. Should you wish to use or learn more about how this functionality might work in your organisation please make contact through the Datacom HelpDesk.

For employees that are remunerated by way of salary, it is sufficient to satisfy point g of the wages and time record if the number of hours worked each day in the pay period (*which can include any additional hours worked*) is defined in the employment agreement, provided that this doesn't contravene any other minimum entitlements e.g. resulting in an hourly rate less than the minimum wage.

It is important that you record all leave through your payroll system to ensure that your holiday and leave record is kept up to date. These records form the starting point for any investigation on whether leave has been calculated and paid correctly.

In addition to the two main records an employee's file should also include:

- a signed copy of the employment agreement with the employee or details of the collective agreement under which he or she has been employed
- a letter offering appointment
- evidence that the employee is entitled to work in New Zealand
- details of citizenship or work permits held
- a tax code declaration (*IR330*) completed by the employee
- a job description
- a personal profile
- an application form
- the employee's personal information such as home contact details
- details of who to contact in case of an emergency

- details of the bank account to be credited with wages (*if this is the agreed method of payment*).

The passing of the Employment Standards Legislation Bill has added further restrictions to the types and forms of employment agreements. What are commonly known as “**zero hour**” contracts, in which no guaranteed hours are specified and yet employees are expected to make themselves available for work, are now illegal.

Where hours of work are agreed, they should be written into the employment agreement and described by any or all of:

- (a) the number of guaranteed hours of work
- (b) the days of the week on which work is to be performed
- (c) the start and finish times of work
- (d) any flexibility in the matters referred to in paragraph (b) or (c).

Availability clauses, in which an employee is required to make themselves available to work may only be enforced in contracts in which a minimum number of hours are guaranteed and may apply only to hours above the minimum guaranteed hours. Additionally employees must be compensated for making themselves available and there must be reasonable grounds for requiring an availability provision.

We advise all our customers to stay abreast of their obligations to keep accurate records.

The **Employment New Zealand** website <http://employment.govt.nz> maintained by the **Ministry of Business, Innovation and Employment (MBIE)** is a useful resource that contains this information and much more with regards to employer responsibilities and should be consulted regularly.

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