



INTEPEOPLE
MARKET UPDATE

December 2024

Better people make a better world

Mā tātou ka pai ake ai (te ao)





Tēnā koutou,

As we near the end of another transformative year, we want to express our gratitude for your continued support and valued partnership. In this market update, we delve into crucial topics to help you navigate the employment landscape with confidence. From market remuneration trends and employment law insights for 2025 to compliance essentials and even tips for Christmas party planning, this update is designed to equip you with the knowledge to close out the year successfully and prepare for what lies ahead.

We wish you a safe, happy, and festive holiday season and look forward to collaborating with you in the new year to achieve even greater success together.

Ngā mihi nui,

Melisa Kappely

Partner



The employment market at a glance

Over the past year, we've observed shifts in job postings, reflecting seasonal patterns and economic trends both in New Zealand and globally.

- **April to August:** Job postings increased, driven by New Zealand's agricultural and tourism sectors gearing up for peak periods and the end of the fiscal year, when many organisations finalise hiring plans with new budgets.
- **September to October:** Postings declined, likely due to slower tourism after winter, cautious spending in both the corporate and public sectors, and uncertainty around global political events. Domestically, rising unemployment and reduced retail spending signalled a cooling labour market, impacting recruitment.
- **November:** A rebound in job postings emerged, as easing monetary policies encouraged employers to restart hiring. Many clients are preparing for 2025, ensuring their organisations are well-resourced for the year ahead.

Remuneration planning for 2025

Discussions around 2025 remuneration are already underway. Organisations are expected to budget cautiously, with increases around 3-4%, focusing on high performers and critical roles. For the first time in a while, these adjustments are projected to exceed inflation - an important point when communicating pay changes next year.

If you'd like advice on planning for your recruitment or remuneration strategies, we're here to support you.





Employment law insights for 2025

Proposed Gateway Test for independent contractors

A major change in New Zealand employment law could be coming in 2025: the introduction of a Gateway Test under the Employment Relations Act. This test aims to provide clearer guidelines for determining if a worker is an independent contractor or an employee.

To classify someone as an independent contractor, all four criteria must be met:

1. There is a written agreement stating the worker is an independent contractor.
2. The worker is free to work for other businesses, including competitors.
3. The worker is not required to work at specific times, for minimum hours, or they can subcontract the work.
4. The worker's contract cannot be terminated if they decline additional tasks or engagements.

If these criteria are not fully met, the current approach to assessing the true nature of a working relationship will be applied and the worker may be classified as an employee, entitling them to benefits like leave and wage protections.

What this means for businesses:

If you rely on independent contractors, now is the time to review your current arrangements. Ensure they meet existing laws and align with best practices. This proactive step will help you prepare for the proposed Gateway Test, should it come into effect.

Please let us know if you need help reviewing your contracts or understanding these changes.

Employment law insights for 2025

Anticipated trends

Remote and hybrid work: Clear policies and procedures are essential for managing remote and hybrid work arrangements effectively.

Mental health and well-being: Employers have a legal obligation under health and safety laws to ensure a safe and healthy work environment. Awareness and proactive support are key.

Diversity, equity and inclusion (DEI): DEI training and policies can help foster a more equitable, diverse and inclusive workplace.

Technological advancements and AI: As technology evolves, it's vital to address the ethical implications of AI and its potential impact on employment. Upskilling and reskilling employees will be crucial for adapting to these changes.

Holidays Act reform: Ongoing consultations aim to simplify the legislation, with proposed changes including:

- Pro-rata sick leave for part-time employees.
- An hours-based accrual system for annual leave from day one of employment.
- Improved calculations for annual leave after parental leave.
- Expanded definitions for bereavement leave to include a broader range of close family members.



Employment law insights for 2025

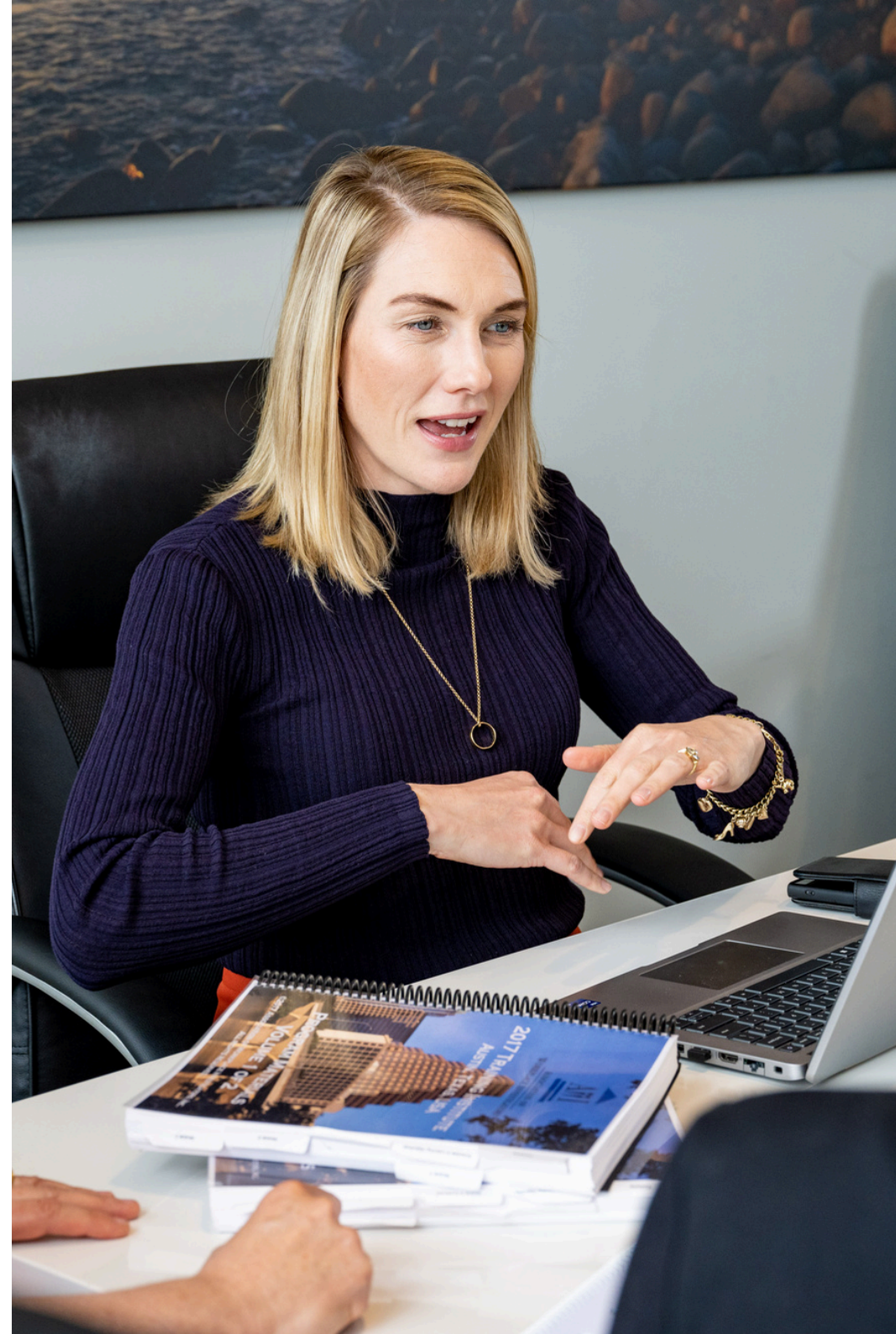
Anticipated trends continued

Flexible dismissal process for high income employees: A further proposed change for consideration next year is the introduction of an income threshold, above which personal grievances for unjustified dismissal cannot be pursued. This would apply to any employee earning above \$180,000 per annum. It is estimated that setting the threshold at this level will cover approximately 3.4 percent of the workforce and aligns with the current top income tax rates.

Risk free negotiated exits: A private members bill (if passed) would allow employers to offer exit payments to problem employees without risking a personal grievance.

Although these changes are not expected to take effect until 2026, updates are anticipated in the new year - so stay tuned!

Looking ahead: Staying informed and proactive will help you navigate the evolving employment landscape and remain compliant with New Zealand's laws. We're here to support you every step of the way in achieving positive outcomes for your organisation.





Christmas party do's and don'ts

As the festive season approaches, work Christmas parties are a great way to boost team morale. To ensure the event is enjoyable and hassle-free, here are some quick tips:

Do's

- **Set expectations:** Clearly communicate the event's purpose and tone (casual or formal).
- **Promote responsible drinking:** Offer plenty of non-alcoholic options and consider ride-sharing or shuttle services for safe transportation.
- **Provide food:** Ensure ample food is served throughout the event, especially if alcohol is available.
- **Monitor the atmosphere:** Have supervisors discreetly keep an eye on the event to address any inappropriate behaviour.
- **Plan a safe exit:** Arrange for a smooth end to the event, ensuring everyone leaves safely.

Don'ts

- **Pressure alcohol consumption:** Make non-alcoholic options available and ensure no one feels obligated to drink.
- **Make attendance mandatory:** Clearly state that attendance is optional.
- **Tolerate misconduct:** Enforce zero tolerance for harassment, discrimination, or bullying, aligned with your workplace policies.

By keeping these simple guidelines in mind, you can host a fun, festive celebration that your team will enjoy safely and responsibly!

Hygiene factors

Understanding hygiene factors and their impact

Hygiene factors are workplace essentials that prevent dissatisfaction. While they don't directly motivate employees, ensuring they are adequately addressed significantly improves morale, productivity, and job satisfaction.

Key hygiene factors

- **Clear policies:** Transparent and fair company policies reduce frustration.
- **Effective supervision:** Supportive leadership with regular feedback fosters trust.
- **Competitive remuneration:** Fair pay attracts and retains top talent.
- **Safe work environment:** Comfortable and well-maintained spaces boost satisfaction.
- **Job security:** Stability increases employee confidence and engagement.
- **Work-life balance:** Supporting personal commitments helps maintain satisfaction.

Why hygiene factors matter

Addressing these essentials can:

- Reduce turnover and its associated costs.
- Boost morale, leading to higher engagement.
- Improve productivity with a motivated workforce.
- Strengthen your reputation as an employer of choice.





How to optimise hygiene factors

- 1. Get the basics right:** Ensure strong employment agreements, clear codes of conduct, robust health and safety measures and an updated employee handbook are in place and easily accessible.
- 2. Review regularly:** Keep policies and procedures current and fair.
- 3. Strong onboarding:** Set new hires up for success with clear expectations and cultural alignment.
- 4. Encourage communication:** Foster open dialogue to address employee concerns.
- 5. Seek feedback:** Use surveys to understand workplace satisfaction and pinpoint improvements.
- 6. Invest in development:** Provide training opportunities to grow skills and boost morale.
- 7. Recognise contributions:** Celebrate achievements to motivate and engage employees.
- 8. Align vision and values:** Integrate your company's mission into daily operations and long-term planning.

Focusing on hygiene factors helps create a workplace where employees thrive, leading to greater success for your business. Please let us know if you'd like guidance in strengthening these areas!

Would you like more information?

Please get in touch with our People & Capability Team

We would love to hear from you.



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