
Individual Employment Agreements

OVERVIEW

An Individual Employment Agreement ("IEA") is a binding, contractual document negotiated and agreed upon by an employer and an employee. An IEA includes all the relevant details of an employment relationship and what is to be expected of both parties. Under the Employment Relations Act 2000 it is a requirement for employers and employees to enter into a written IEA.

What is the purpose of an IEA?

A written IEA must be entered into at the start of every employment relationship.

An IEA ensures the employer and the employee are clear on the key terms of the employment relationship.

An IEA cannot contradict the law or include any terms that are inconsistent with the Employment Relations Act.

What must an IEA include?

An IEA must include:

- The names of the parties (Employer and Employee full name);
- The employee's role title;
- Location of where the employee's role will be performed;
- Time indication of the hours and times the employee is expected to work;
- The employee's pay (wage or salary);
- Rates for working on public holidays;
- An employment protection provision for if the employer restructures; and
- An explanation of the dispute resolution services available for if an employment relationship issues arises.

If the employer intends to provide a trial period or a probationary period, this must be included in the IEA as well.

Can I include other clauses in an IEA?

Yes. Other common clauses include:

- Pay frequency;
- Health and Safety;
- Redundancy;
- Overtime;
- Benefits;

- Restraint of Trade;
- Drug and alcohol;
- Confidentiality;
- Social media;
- Performance Expectations (KPI's);
- Job description;
- Termination Notice requirements.

When does an IEA need to be signed?

It is best practice for an IEA to be signed before the employee starts their role.

An IEA signed after the employee has started work will still be valid. However, certain provisions in the IEA may no longer have legal standing e.g. a trial period.

Where an IEA is not entered into the terms and conditions of employment will be inferred from the conduct of the parties and any surrounding documents/records.

What happens to the signed IEA?

Employers are required to keep a signed copy of an IEA and must provide the employee with a copy of the signed agreement if they request it.

Can changes be made to a signed IEA?

Yes, variations can be made to an IEA if both parties agree to the variation and sign an agreed variation document or updated IEA.

What types of employment relationships are covered by IEA's?

The most common employment types are:

- Part-time employment;
- Fixed-term employment; and
- Casual employment.

Each employment type requires its own specific IEA.

An IEA is not an independent contractor agreement (ICA).

If a working arrangement with a contractor is being entered into, an ICA is appropriate. An ICA has different provisions and legal requirements to an IEA.

If you require advice with hiring an employee or assistance drafting employment documents, get in touch so we can help.

Contact:

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One of our team will be in touch to assist you within 24 hours.