

Our Weekly News Digest for Employers
Friday, 15 March 2024

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Claim for unpaid final pay successful

Mr Singh worked as an assistant restaurant manager for YK Foverage Limited (YK). In June 2022, Mr Singh had a physical altercation with Mr Kalia, the partner of Ms Chadha who was YK’s director and shareholder. The squabble began when Mr Kalia intervened in a personal dispute between Mr Singh and his partner, Ms Kaur, who also worked for YK. Mr Kalia argued that Mr Singh was the aggressor and produced a signed statement from Ms Kaur supporting that claim. However, it was later found that Ms Kaur only signed the statement because YK threatened to revoke their support for her visa application which allowed her to work in the country.

Mr Singh never returned to work at YK after the altercation. He successfully applied for ACC compensation as his medical certificate said that he had been “*pushed by employer and slammed on left ear.*” There was no dispute that Mr Singh suffered a work-related injury. He also filed a police report against Mr Kalia, but no charges were made. One month later, Mr Singh resigned.

YK told Mr Singh that he would receive his final pay, but no payment was ever made. The parties attended mediation, but the final pay dispute was not resolved. Mr Singh applied to the Employment Relations Authority (the Authority). The Authority had to determine whether YK owed Mr Singh wage arrears, first week ACC compensation and holiday pay, whether Mr Kalia was a person involved in employment standards breaches and so should be made personally liable to the extent YK is unable to pay costs, and whether interest ought to apply to any costs owing.

YK responded to Mr Singh’s claim by arguing that he was overpaid during his employment due to a malfunctioning payroll system which failed to deduct time taken for unpaid meal breaks. YK produced a different employment agreement from Mr Singh’s which contained different terms. This agreement included a deductions clause for overpayments and a forfeiture of wages clause which could be unilaterally exercised if the employee failed to give the proper notice. It also contained a lower hourly payrate. Both contained Mr Singh’s signature, but Mr Singh said he never signed the agreement produced by YK and argued the signature on their agreement

Case Law continued

differed significantly from the one on his credit card. He further claimed the agreement he produced was submitted to Immigration New Zealand to support his visa application, and he also provided a support letter from Immigration New Zealand with Ms Chadha's signature that was dated the same as the agreement he produced.

The Authority found the agreement produced by YK was not credible. It felt YK produced a fabricated document that was an "*entirely convenient answer to Mr Singh's claims.*" The Authority decided that Mr Singh was owed wage arrears, first week ACC compensation and holiday pay. It further found the parties were bound by the terms of the employment agreement produced by Mr Singh.

The Employment Relations Act 2000 allows an applicant to recover costs from a person who was involved in a breach of employment standards, and was knowingly concerned in, or party to, the breach. YK's failure to give Mr Singh his final pay was considered a breach of employment standards, specifically requirements under the Wages Protection Act 1983 and Holidays Act 2000 related to final pay. On evidence, the Authority decided Mr Kalia held a position at YK and exercised significant influence over how employees were paid. YK was ordered to pay Mr Singh a total of \$4,225.76 representing wage arrears, first week ACC compensation and annual holidays with interest on top. If YK was unable to pay Mr Singh the amount owing, Mr Kalia was made personally liable to pay any outstanding costs.

Singh v YK Foverage Ltd and Anor [[2023] NZERA 548; 22/09/23; Blick S]

Personal grievances established for unjustified dismissal and sexual harassment

JXC was employed by VGM under a work visa as a part-time food and beverage attendant. She worked from 29 November 2019 until her summary dismissal on 31 May 2020. VGM was a duly incorporated company that owned and operated the business of a restaurant. The shareholders and directors of VGM were XOZ and his wife, M. M was the managing director and maintained day to day control of the restaurant operations. XOZ was the head chef. JXC claimed she raised concerns about sexual harassment from XOZ during a discussion with M on 30 May 2020 and her employment was terminated the next day. M agreed a conversation took place that day however disputed that any significant concerns were raised with her.

In July 2020, JXC raised a personal grievance claiming unjustified dismissal, disadvantage and sexual harassment. VGM accepted the dismissal was not procedurally fair however denied sexual harassment took place. Mediation was not successful, so the matter was referred to the Employment Relations Authority (the Authority) for a determination.

The first matter considered was whether there was the opportunity for the alleged sexual harassments to have occurred. VGM contended there was always other staff around and no issues were observed. Based on the evidence, the Authority did not agree. VGM was not able to provide roster information, time records and payslips for the days of the alleged events. VGM contended that JXC had a history of raising false sexual harassment complaints and noted two specific examples. The Authority noted that these matters had never been raised with JXC during her employment and it was more likely than not that the two examples were created after JXC's employment had ceased. For these reasons, the Authority chose to place little weight on these alleged complaints.

While the Authority accepted the details of the discussion between JXC and M on 30 May 2020 were disputed, it observed that the matters appeared to be serious enough that M spoke to XOZ and also reviewed CCTV footage from the restaurant. The Authority concluded, on the balance of probabilities, that it was more likely than not that the conduct described in the letter of 24 July 2020 raising grievances took place. While not all allegations met the evidentiary standard, the Authority was satisfied from the evidence that the conduct that had been found to have occurred was unwelcome and offensive to JXC. The claim that JXC had been sexually harassed in her employment had been established.

In consideration of the unjustified disadvantage claim, the Authority noted that sexual harassment, by its nature, makes a workplace unsafe. Given the findings of sexual harassment and the unjustified dismissal, the unjustified disadvantage claim was not required.

The Authority noted the dismissal on 31 May 2020 was not the action of a fair and reasonable employer. There was no procedural fairness and the defects in the process were not minor and resulted in JXC being treated unfairly.

Case Law *continued*

For this, JXC was entitled to lost wages from the period up to when her initial work visa would have expired on 6 November 2020. This amounted to \$8,505. Compensation of \$15,000 was also ordered. \$25,000 was ordered for experiencing sexual harassment at work.

The Authority was further asked to consider penalties. One was against XOZ for instigating the breach of a failure to provide a safe workplace. The others would be against VGM for breaches of the employment agreement for failure to provide a safe workplace, ending the employment relationship without cause and notice, and the implied term to act in good faith. The Authority ruled these penalties could not be considered as the statutory twelve-month period had passed. Costs were reserved.

JXC v VGM and Anor [[2023] NZERA 554; 26/09/23; H Doyle]

Multiple breaches result in employer being personally liable

Pure New Zealand International Travel Service Limited (PNZ) was a travel company offering guided tours and travel packages to tourists. Mr Peng was the sole director and shareholder. From 2018, Mr Bin was employed by PNZ as a driver and tour guide after paying an employment premium of \$10,000. Mr Bin brought a claim against PNZ and Mr Peng in respect of a premium paid to PNZ and monies owing for working additional hours, statutory public holidays and reimbursements for expenses incurred on behalf of PNZ. Mr Bin also sought a penalty for a failure to provide wages and time records upon request in accordance with the Employment Relations Act 2000 (the Act).

Mr Bin said that prior to commencing employment with PNZ, Mr Peng asked him to pay PNZ the sum of \$10,000 as an investment into a 25-seater bus (the Bus) and that his employment would not be confirmed unless he paid. Mr Peng paid the \$10,000 and started employment with PNZ. An employment premium is consideration paid by an employee in exchange for employment. Under the Wages Protection Act 1983, this was illegal. While there was no legal definition of an employment premium, it was clear that Mr Bin held no interest in the Bus as an investor. The Bus had been purchased prior to his joining PNZ, there was no share certificate provided to him, he was not asked for his consent to the sale of the Bus and received no repayment of \$10,000 upon the sale of the Bus. Mr Bin obtained no benefit in return for his \$10,000 other than his job with PNZ. For breaching the Wages Protection Act, PNZ was ordered to pay back Mr Bin the sum of \$10,000.

Mr Bin worked long hours during the peak tourist season without compensation. He would start at approximately 7.00am and finish at 8.00pm working an additional 25 hours a week. For this, Mr Bin was owed \$4,933.50 and 8 per cent holiday pay on this amount. A total sum of \$5,328.18 was ordered to be paid by PNZ. Mr Bin gave oral and written evidence that he worked public holidays and received a day in lieu but was not paid time and a half as required under the Holidays Act 2003. For this, PNZ was ordered to pay Mr Bin \$1,074.79.

\$4,977.46 was ordered to be paid to Mr Bin for all the expenses incurred by him on behalf of PNZ despite multiple follow ups. Mr Bin sought interest to be paid for the late reimbursements. The purpose of interest was to reimburse someone for the loss of use of monies to which there was established entitlement as was the case with Mr Bin. Here, interest was appropriate and payable in accordance with the Interest on Money Claims Act 2016.

Mr Peng was knowingly concerned in the breaches of minimum employment standards and in the failures to pay Mr Bin his entitlements correctly. Due to this, the Authority determined that PNZ and Mr Peng were jointly responsible for following the court order. If PNZ was unable to pay Mr Bin the awards including interest, or failed to do so, Mr Peng was liable to pay.

Before the matter came to the Authority, Mr Bin approached the Auckland Community Law Centre with the situation. The Auckland Community Law Centre contacted PNZ requesting the wages and time records relating to Mr Bin but PNZ did not provide any records. This was a breach of the Act as *“every employer must upon request by an employee or a person authorised by them provide access to the wages and time records relating to the employment of the employee.”* Failure to do so rendered the employer liable to a penalty to a maximum amount of \$20,000.

Case Law continued

PNZ was only ordered to pay a penalty of \$2,500 in respect of the breach having regard to the fact that the penalty was proportionate to the breach, there was no evidence of previous similar conduct by PNZ, the circumstances of the breach, nature and extent of any loss and any aggravating factors. 50 per cent of the penalty was ordered to be paid to Mr Bin and the other 50 per cent to the Crown. PNZ was also ordered to pay Mr Bin's filing fee of \$71.56. Costs were reserved.

Bin v Pure New Zealand International Travel Service and Peng [[2023] NZERA 565; 02/10/23; E Robinson]

Manager and director of company found to be jointly liable in grievance proceedings

The Employment Relations Authority (the Authority) was asked to determine preliminary issues raised by Ms Li, against her employer, BRAK Burns Limited (BRAK). The issues for consideration involved an investigation meeting notified for 9 and 10 November 2023. The scope of the issues were changed by the news that BRAK went into liquidation on 5 September 2023. By operation of the Companies Act 1993, legal proceedings against BRAK could not continue unless the liquidator agreed or the High Court ordered otherwise. Proceedings against Mr Young, a manager at BRAK, and Mr Osmond, director, could remain, if Ms Li wished to pursue them.

Ms Li's initial application was lodged in May 2022. She said she worked in a café operated by BRAK but she was "forced ... to quit" on 6 April 2022 because she had not been paid her wages. She said she wanted her employment relationship problem resolved by "legal action to force the employer to pay all of my wages ASAP" and she wanted "unjustified compensation". BRAK denied its actions forced Ms Li to resign. It said a loss of franchise rights had caused difficulty for the business paying wages. It denied failing to provide information to Ms Li about her wages. It said she "failed to show up for work and resigned without notice".

Ms Li amended her claim to include Mr Young and Mr Osmond as respondents. She alleged both had been in control of the business operated by BRAK and had been "persons involved" in breaches of her employment agreement. She said she was unjustifiably disadvantaged by not being paid her wages and her resignation amounted to a constructive dismissal. She sought an award of \$8,345 wage arrears and orders for Mr Young and Mr Osmond to be held personally liable for any wages or money ordered by the Authority which the company was not able to pay. She also sought remedies of distress compensation and "penalties as the Authority sees fit".

BRAK claimed Ms Li did not raise her personal grievance within the required 90-day statutory period so could not be investigated by the Authority. It accepted Ms Li may be owed wages but disputed her calculation of the amount due.

Mr Young said Ms Li had not filed an application to join him as a controlling third party under the Employment Relations Act 2000 (the Act) and the Authority therefore lacked jurisdiction to investigate her claims against him. Mr Osmond also referred to Ms Li not applying to join him as a controlling third party.

BRAK was correct in asserting that the first time Ms Li used the phrases "personal grievance for unfair dismissal" and "personal grievance for unjustifiable disadvantage" was in the first statement of problem. However, BRAK's argument was based on a misconception of the form of words necessary to raise a personal grievance. Ms Li met the requirements of the Act through an email she sent her managers on 6 April 2022, submitting her resignation and the statement of problem. Read together, her email and statement of problem clearly advised that the nature of her complaint was about terms of her employment not being met, and this resulting in her decision to resign.

An additional indicator that Ms Li meant to raise a personal grievance was the reference in her statement of problem to wanting "unjustified compensation". Ms Li was clearly intending to use the technical language relating to personal grievances to ask for compensation for the unjustified actions of her employer.

Ms Li's grievance had to be raised within 90 days of her resignation or the expiry of her notice period. Taking the earliest of those dates, this needed to be done by 6 July 2022. The Authority served Ms Li's statement of problem to BRAK by email on 2 June 2022. On 3 June 2022, the Authority served the statement again by email to Mr Young. For the reasons given, Ms Li's personal grievances were raised within the required period. The Authority had jurisdiction to investigate those grievances. Ms Li's resignation was an appropriate event to take as the date on which the cause of action occurred for her penalty claim. On that basis any penalty had to be sought by no later than 7 April 2023. This meant a penalty properly claimed in the First or Second Statement of Problem would be within time.

Case Law *continued*

BRAK and Mr Young and Mr Osmond were held to be jointly liable for the breaches of Ms Li's terms of employment. A penalty could be sought under the Act against BRAK for the breach and against Mr Young and Mr Osmond for allegedly aiding and abetting the breach. Whether Ms Li's claims about the extent of their responsibility can be substantiated is to be tested in the Authority's investigation meeting, not beforehand. Costs were reserved.

Li v BRAK Burns Limited (in Liquidation)(formerly Burgered Restaurants Auckland Limited) [[2023] NZERA 564; 28/09/23; R Arthur]

Employee wins personal grievance for constructive dismissal

Mr and Mrs Thomas traded as Te Matai Partnership (TMP) and operated a dairy farm business. Their son was the chief executive of TMP. From March 2020, TMP employed Mr Shanks as a dairy assistant and then as a team leader. TMP did not provide Mr Shanks with a written employment agreement for either position.

On 10 August 2021, an interaction between Mr Shanks and Mr Thomas occurred which caused Mr Shanks to call and tell the chief executive that he had quit. The interaction ended with Mr Thomas telling Mr Shanks that if he drove off, he would not be allowed back and implied that it would end the employment. Mr Shanks drove off. A meeting was held a few days later but matters remained unresolved. Mr Shanks did not return to work and raised a personal grievance for constructive dismissal and unjustified disadvantage for not being provided with a written employment agreement.

The Employment Relations Authority (the Authority) found that Mr Shanks was constructively dismissed as TMP initiated the termination of employment when Mr Shanks was told that if he left, he would not be allowed back. TMP pressured Mr Shanks to continue working in breach of agreed hours of work. Despite the pressure, Mr Shanks left due to the disagreement of holiday hours and not having a written employment agreement. This was "*sufficiently serious to create a substantial risk of resignation.*" After Mr Shanks left, TMP did not allow him to continue as a team leader and so TMP summarily dismissed Mr Shanks. His claim for unjustified dismissal succeeded.

Mr Shanks made an application for wages and holiday pay before the Authority. TMP said that it did not terminate Mr Shanks' employment or pay him at a rate lower than payable under the statutory minimum and did meet its obligations under the Holidays Act 2003. TMP accepted it did not provide Mr Shanks with a written employment agreement. However, it argued Mr Shanks then had no grounds for the remedies he claimed.

Mr Shanks usually worked 8-hour days, 11 days on and 3 days off. He was requested by TMP to work 88 hours per fortnight. It was likely that any additional hours worked would be covered by time off during the off-season and not an increase in compensation. An arrears of wages depended on whether there was proof of TMP defaulting in its payment to Mr Shanks of money payable to him under an employment agreement. The payslips did not show any default in fortnightly payments to Mr Shanks. Since the parties did not have an agreed term requiring extra payment for time worked in excess of 88 hours each fortnight, TMP did not have wage arrears.

When Mr Shanks' employment ended, he was entitled to salary for five days, payment for the portion of untaken annual holidays (14 days) plus 8 per cent of his gross earnings for annual leave accrual. Mr Shanks was paid salary for two days, \$429.11 as annual leave and \$1,788.20 for accrual. Arrears of salary and holiday pay was left for counsel to calculate.

TMP had a legal obligation to provide Mr Shanks with the intended agreement for discussion, to advise him that he was entitled to seek independent advice, allow an opportunity for that and consider any issues raised by him. The agreement had to describe Mr Shanks' work, indicate where it was to be performed, include agreed hours of work, the salary and other specified matters. The statutory obligation applied, regardless of whether Mr Shanks asked for a written agreement. All subsequent issues arose from TMP's failure to meet its statutory obligation, especially regarding agreed hours of work.

Case Law *continued*

Mr Shanks was unjustifiably summarily dismissed and was entitled to remedies. He did not obtain new employment until November 2021. His loss exceeded three months of his salary, so the Authority ordered TMP to pay 3 months' ordinary time remuneration at \$13,750.

\$27,500 was ordered as compensation for hurt and humiliation as he became withdrawn, and it affected his relationship with his family. The local community also heard about the dispute. The harm was significant but there is no evidence that it resulted in a diagnosed medical condition or that professional support was required. Costs were reserved.

Shanks v Thomas trading as Te Matai Partnership [[2023] NZERA 585; 09/10/23; P Cheyne]

Authority upholds claim for unjustified dismissal

Mr Dhala was employed by FutureEd Australia New Zealand Pty Limited (FutureEd) from 2018, initially as an exam manager and then as centre head. He was applying for a residency visa under the skilled migrant category and required the support of his employer. In 2020 an issue arose that led to the termination of Mr Dhala's employment. After raising a personal grievance and entering into a settlement agreement in October 2020 (the first Record of Settlement), he was reinstated. In the first Record of Settlement, FutureEd undertook to pay Mr Dhala \$25.50 for 30 hours a week, contribute towards his legal costs and actively support Mr Dhala with his immigration and visa applications. Mr Dhala was reinstated as the centre head however FutureEd claimed this did not work out, so Mr Dhala was reassigned to an exam supervisor.

Problems remained and a further settlement agreement (the second Record of Settlement) was entered into in February 2021. The second Record of Settlement stated that FutureEd would comply with the terms in the first Record of Settlement and pay Mr Dhala \$13,000 in compensation. It also said that Mr Dhala would resign from his employment with FutureEd within 14 days of receiving his residency visa or if he failed to acquire a residency visa. Both settlements were signed by Mr Dhala, Mr Khan, an Australian based director of FutureEd, and a mediator.

Mr Dhala claimed that from April 2021 FutureEd stripped him of his work duties, required him to work from home and gave him minimal tasks to perform. In October 2021, Mr Dhala's work visa expired. FutureEd wrote to him proposing to suspend his salary. Mr Dhala raised grievances for unjustified disadvantage around FutureEd's failure to provide reasonable assistance with his visa applications and his wages were not paid on time on repeated occasions. A day after lodging his grievance, he received a payslip with the only listed item being termination pay. Then, Mr Dhala raised a further claim for unjustified dismissal and penalty claims relating to alleged breaches of his settlement agreements.

On the alleged disadvantage from FutureEd's unwillingness to support Mr Dhala's visa application, the Employment Relations Authority (the Authority) ruled that the information provided by FutureEd to Immigration New Zealand was factual. The visa request was based on Mr Dhala working as centre head. But at the time of the letter of support from FutureEd, Mr Dhala was working as an examination manager.

The Authority found Mr Dhala experienced disadvantage from his wages not being paid on time or in full. FutureEd was obliged to pay Mr Dhala in accordance with his employment agreement as varied by the terms of the second Record of Settlement. The failure to pay him disadvantaged him because it left him struggling to meet his obligations including paying rent on his family home.

Regarding unjustified dismissal, the Authority found that by FutureEd paying Mr Dhala "*termination pay*", it demonstrated that his employment was at an end. FutureEd did not conduct any process before terminating employment and provided no notice of termination. Those procedural defects were not minor and resulted in Mr Dhala being treated unfairly. The Authority found these were not the actions of a fair and reasonable employer. Even if Mr Dhala was not lawfully able to work in New Zealand, FutureEd had a contractual obligation to provide Mr Dhala with two weeks' notice of the termination of his employment which they did not do.

In consideration of a penalty relating to breaches of the second Record of Settlement and the Wages Protection Act 1983, the Authority found that FutureEd was required to reinstate Mr Dhala into the centre head role, offer 30 hours per week or pay him for that number of hours. It was clear FutureEd failed to comply with those terms. FutureEd was

Case Law *continued*

also late on at least two occasions in making compensation payments to Mr Dhala. The Authority ordered that both FutureEd and Mr Khan should pay penalties for these breaches.

It was not clear how Mr Dhala's claim for breach of good faith was distinct from his personal grievance claims for unjustified disadvantage and unjustified dismissal. On that basis, the penalty claim was not successful. A further claim for legal costs was set aside to be considered if the matter of costs was pursued.

FutureEd was ordered to pay Mr Dhala \$5,000 for unjustified disadvantage, \$20,000 for unjustified dismissal, three months' lost wages at \$25.50 per hour at 30 hours per week and \$8,000 for penalties of which \$2,000 was payable to Mr Dhala and \$6,000 to the Crown. Mr Khan was ordered to pay a penalty of \$2,000, half payable to Mr Dhala and the other half to the Crown. Costs were reserved.

Dhala v FutureEd Australia New Zealand Pty Limited and Anor [[2023] NZERA 580; 05/10/23; S Blick]

Legislation

Note: Bills go through several stages before becoming an Act of Parliament: Introduction; First Reading; Referral to Select Committee; Select Committee Report; Consideration of Report; Committee Stage; Second Reading; Third Reading; and Royal Assent.

Bills open for submissions: Eight Bills

There are currently eight Bills open for public submissions to select committee:

[Corrections Amendment Bill](#) (19 March 2024)

[Pae Ora \(Healthy Futures\) \(Improving Mental Health Outcomes\) Amendment Bill](#) (28 March 2024)

[Gangs Legislation Amendment Bill](#) (5 April 2024)

[Courts \(Remote Participation\) Amendment Bill](#) (5 April 2024)

[Firearms Prohibition Orders Legislation Amendment Bill](#) (5 April 2024)

[Inquiry into the 2023 General Election](#) (15 April 2024)

[Parole \(Mandatory Completion of Rehabilitative Programmes\) Amendment Bill](#) (16 April 2024)

[Fast-Track Approvals Bill](#) (19 April 2024)

Overviews of bills and advice on how to make a select committee submission are available at:

<https://www.parliament.nz/en/pb/sc/make-a-submission/>

The Employer Bulletin is a weekly update on employment relations news and recently published legal decisions. It is EMA's policy to summarise cases that contain legal issues relevant to employers. The purpose of the Employer Bulletin is to provide and to promote best practice in employment relations. If you would like to provide feedback about the Employer Bulletin, contact advice@ema.co.nz