



Guide to Types of Staff Engagement

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1. PURPOSE

Unitec engages people to do work or to provide services in a number of different ways dependent on the circumstances. These guidelines have been developed to assist managers in deciding on the most appropriate form of engagement. If in any doubt please contact your Senior Human Resources Business Partner prior to making any commitment.

IMPORTANT:

All people **must** be engaged via a **formal written** employment agreement or “contract for service” (or its variations) **prior** to performing the work or services irrespective of what services are to be provided – approved by the relevant person who has delegated authority to make appointments .

Non-staff engagements are paid on invoice by the Accounts Department. **The Accounts Department cannot effect payment unless there is a contract in place and the contractor has been set up as a vendor.**

2. GUIDELINES

2.1. Tax Treatment of Contractors

All individuals engaged on a contract for service potentially attract withholding tax deductions as defined in Schedule 4 of the Income Tax (Withholding Payments) Regulations 1979.

All New Zealand incorporated companies who enter into a contract for service with Unitec are required to meet their own tax obligations fully by way of their company tax regimes and therefore no withholding payments will be deducted in these cases.

Non-Resident Contractors (individuals and companies):

In many cases Unitec will be obliged to deduct withholding tax unless an exemption has been obtained from the IRD. HR will determine the liability in each situation and if appropriate apply for an exemption.

N.B. With regard to non-resident entertainers - (lecturers fall into this category) – any and all payments to non-resident contractors are regarded by IRD as payment for services - this includes cost of airfares, accommodation, meals etc and of course fees. Any contract entered into therefore must include all related costs. Unitec cannot “reimburse” expenses and exclude these from the total determination of what payment has been made to the contractor.

2.2. Summary of Contract Types

Contract Type	Key Distinguishing Points	Documents
EMPLOYEES		
Permanent / Tenured Employees	<ul style="list-style-type: none"> • Full time or proportional positions (For proportional minimum 0.3 FTE and maximum 0.8 FTE on the collective agreement) • No end date • Expectation of continuing employment • Employment agreements drawn up by HR • Salaries paid automatically by payroll 	<ul style="list-style-type: none"> ➤ Human Resources Action Form via ASK HR ➤ Position description ➤ Draft ➤ Advertisement ➤ Various employment forms
Limited Tenure / Fixed term Employees	<ul style="list-style-type: none"> • Has a definite start and end date • End date can be linked to a specific event rather than a date • Must have a legitimate reason for a defined end date • Must be no expectation of continuing employment from either Unitec or employee • The employment law prohibits fixed term appointments being used as a probationary period to “try out the employee” • Employment agreements are drawn up by HR • Salaries are paid automatically by payroll • Employment is automatically terminated on end date 	<ul style="list-style-type: none"> ➤ Human Resources Action Form via ASK HR ➤ Position description ➤ Draft ➤ Advertisement ➤ Various employment forms
Part-time Academic staff	<ul style="list-style-type: none"> • Staff who are engaged on an hourly rate and for less than 0.5FTE • No end date but responsibilities and FTE specified for each period of engagement – usually each semester or term • Staff often come and go as required • Payment claims made via time sheet for hours actually worked • Employment agreement drawn up by Department 	<ul style="list-style-type: none"> ➤ Position description ➤ Various employment forms ➤ Employment agreement template
Hourly Paid Allied	<ul style="list-style-type: none"> • Staff engaged on an hourly rate • Short term assignments negotiated as and when require • casual staff can refuse an assignment offered to them • Employment pattern is irregular • No employer obligation to continue using these staff after each assignment is completed • No end date to agreements but all individual assignments are short term • Often called in on short notice • Payment claims made via time sheet submission • HR draw up agreements • Casual allied administrative staff obtained via PoolTemps system 	<ul style="list-style-type: none"> ➤ Human Resources Action Form via ASK HR ➤ Various employment forms

S	Contract Type	Key Distinguishing Points	Documents
CONTRACTORS			
	Guest Lecturers (Also called Guest Speakers)	<ul style="list-style-type: none"> Independent Contractor but for whom the engagement is limited to lecturing only Engaged for a limited number of lectures of no more than 5 times during the period of a year. No employment agreement or contract for service - use Guest Speaker (Lecturer) Form found on the NEST (the Staff Intranet) under Policies & Forms > Forms Guest Lecturer Form completed by Department and sent to Finance Department for payment If the "guest lecturer" is a Unitec employee consult with your Senior Human Resources Business Partner <p><i>N.B. Lecturing is classified by the IRD under the banner of "Entertainers" and withholding tax will apply unless exemption is obtained</i></p>	<ul style="list-style-type: none"> ➤ Guest Lecturer Form ➤ IR330C
	Professional Services Engagements	<ul style="list-style-type: none"> The Professional Services Form of engagement is a simplified "Contract for Service" Used only for one off engagement- Can only be used when the "total" cost of the service provided does not exceed \$1,500 (plus GST) – if more than \$1,500 use full contract for service No employment agreement or contract for service - use the Professional Services Form and Professional Services Letter found on the NEST (the Staff Intranet) under Policies & Forms > Forms Professional Services Form completed by Department and sent to Finance Department for payment 	<ul style="list-style-type: none"> ➤ Professional Services Form and Professional Services Letter ➤ IR330C if appropriate
	Contracts for Service	<ul style="list-style-type: none"> The work to be done is not deemed to be core duties that employees of Unitec would normally be employed to do The engagement is for specific services and for a specific period The person is regarded as an Independent Contractor by the IRD, even though he/she may not be GST registered The relationship is short term (under 1 year) The contractor will be responsible for his/her own payment of own taxies and levies. The person should have a workspace outside of Unitec. The person supplies own materials, tools and equipment Apart from any set lecture times (if this is applicable) the person decides own specific hours of work The person is free to decide "how" the work shall be carried out Contractors submit invoices and are paid by Finance Department <p><i>N.B. Withholding tax will apply to individuals contracted this way(depending on type of work being done) unless exemption obtained from IRD</i></p>	<ul style="list-style-type: none"> ➤ Request for Contract for Service Form via ASK HR ➤ Contractor details Form ➤ Certificate of Incorporation (if applicable) ➤ IR330C if appropriate ➤ New Supplier form

REFERENCE DOCUMENTS

- [1] [Recruitment, Selection & Appointments Policy](#)
 [2] [Independent Contractor Policy](#)

DOCUMENT DETAILS

Version:	1.2	Issue Date this Version:	27 February 2012
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AMENDMENT HISTORY

Version	Issue Date	Reason for Revision	Approved by
1	02/2009	New Document – 1st version	Manager, Human Resources
1.1	27/06/2011	Position Title updates and minor changes to reflect HR business system changes	Director, Human Resources
1.2	27/02/2012	Change to \$ amount for Professional Services in Summary of Contract Types Table - \$500 to \$1000	Director, Human Resources