

Guide to employee types

Hiring an employee is a massive decision. It can take your business to the next level of maturity and also set you up for long-term growth. Unfortunately it's also something that's not always done the right way, so even if you're desperate for help you should first spend some time figuring out exactly what kind of help is right for you.

For more information, see [Business.govt.nz's Staff & HR section](#).



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Employees

Permanent



I can help you with:

- Full or part-time work that always needs doing
- Work that's ongoing and expected to continue indefinitely
- Building a work culture that is committed to your business
- Moving into future leadership roles.

My employment agreement must:

- Formalise my wages and conditions.

Remember, you're hiring me on a permanent basis. This means you've enough work for me to do. You should also think about how you can grow my skills to improve your business.

Fixed Term



I can help you with:

- Working for a specific period of time e.g. seasonal work
- Completing a big project that needs doing
- Covering the workload of other employees that might be away e.g. maternity leave.

My employment agreement must:

- Clearly state beginning and end dates, and why I have to be on a fixed-term agreement.

Remember, you're hiring for a fixed term. If you need me for longer you have to give me a new agreement that explains why it's still only for a fixed term – or you could offer me a permanent role. Also remember that apprentices and paid interns might be fixed-term employees.

Casual



I can help you with:

- Those times when you might need an extra set of hands
- Showing up when I'm needed
- Fitting in to your schedule.

My employment agreement must:

- Clearly state the uncertain hours and casual nature of the work.

Remember, I do not have to accept any offer of work given, as I may have other work that I am doing at that time. Even though I only work when you need me to, I'm still entitled to paid leave, or 8% added to my wages as an equivalent. And, if the work I'm doing becomes more regular you need to think about taking me on as a permanent employee.

ALL PAID EMPLOYEES NEED:

- Any equipment needed to do their job, like a computer
- A signed employment agreement specific to their role and employee type (includes things like hours of work, location of work, description of work, and salary.)
- A Tax code declaration (IR330)
- Relevant KiwiSaver forms (for New Zealand residents or those on a long-term visa)
- Health and safety training and equipment.

REMEMBER, YOU ALSO NEED TO:

- Register as an employer with Inland Revenue (IR334)
- Deduct PAYE from their salary/wages, which you record in your Employer monthly schedule (IR348) and Employer deductions form (IR345)
- Pay annual ACC levies.

Not Employees

Contractor



I can help you with:

- My special skills or knowledge
- Working for a limited time
- Bringing my own tools and equipment with me.

You should give me:

- A contract service agreement
- An agreed time frame to complete the work.

Remember, because I'm a contractor I get to decide how to do my job by the deadline. So, unless we've agreed differently, this means that I might work from home and whatever hours might suit me best. I also sort out my own obligations with Inland Revenue and ACC so you don't have to, unless I earn scheduler payments as listed in IR330.

Unpaid Intern, Volunteer



I can help you with:

- Freeing up your time
- Doing one-off jobs
- Charity work or anything that might give me new experiences or skills.

I should have from you:

- Any training that is required to do the task
- A record of when I worked for you
- A written agreement that explains this is an unpaid internship/volunteer position only, what the nature of my work is, and how long we've agreed it should last.

Remember, you need to keep me safe and so should give me any health and safety training or equipment that I might need. Note that Inland Revenue could see koha or gratuity that you give me as payment. If you find that you are regularly giving gratuity or paying me then you may want to think about making me into an employee.



Once you're committed to getting help – and you know what kind is the best fit for you – double check your costs with [Business.govt.nz's Employee Cost Calculator](#).