

Vehicle Inspection New Zealand COVID 19 alert level response

19th August 2021

Dear VINZ team member,

On Tuesday this week the Prime Minister Jacinda Ardern announced that New Zealand would go into a L4 lockdown after a case of community transmission of COVID 19. It was expected that this would be the Delta variant and as such a speedy approach was required. The initial lockdown period is for 7 days in Auckland and Coromandel and 3 days in the rest of the country.

Yesterday we found out that this is not a solitary case, with a number of additional cases linked to the original case. While we will not know the Government's position on this until after the 7-day period, VINZ believes that based on the information available the lockdown will be extended.

Last year VINZ committed to holding wages at 100% during the lockdown period, however as a result VINZ is still in a recovery phase and will not be in a position to extend a similar scheme. VINZ is in the process of applying for the updated Wage Subsidy scheme, but with little to no income available (historically) in both L4 and L3 we need to consult on wage reductions.

At this stage we are looking to reduce all wages and salaries by 20%, however should the lockdown continue for an extended period we cannot rule out lowering this to the Government subsidy payments. We will do our best to maintain the 80% level where this is viable.

The agreement for 20% reduction will be rolled out in the same platform as the text poll carried out last year. This will take the form of a text received with a link to an online survey. In this survey you will be asked to agree to the 20% reduction in wages for the period that VINZ remains in L4 and at L3 lockdown (once announced). This will then be collated and provided to payroll for approval.

A move within any region to level 2 or Level 1 would revert the wage back to 100%. Any change from 80% to a lower figure/percentage would require a second consultation with staff.

Below is how VINZ will handle the different scenarios that may arise in the next few weeks. This plan has been put together to ensure clarity and understanding of *"how does this affect me?"* We will all need to play our part and below sets out the next steps and how this affects you, depending on possible outcomes.

Employee subsidy

VINZ will apply for the Employee subsidy (requires Employee approval) which has been increased from last year to provide \$600 per full time worker and \$359 per part time (20hs or less) worker, per week. This will be allocated to our wage pool and while this improves the outflow of cashflow in wages, VINZ will still have a significant shortfall and the loss of revenue provides limited ability to cover these costs.

It is not known at this stage if the NZ government will replace or extend any of the current schemes, so the plans as outlined rely on the current period of Alert level 4.

SEE OVER

Scenario one – The current period finishes, and all staff go back to work under L2 or above.

The period covered by Level 4 and 3 lockdown will be paid at 80%. Once a change occurs to move to L2 or L1, returning staff will revert back to 100%. Depending on workloads we may require additional hours to be worked. Any employee who cannot work due to restrictions on age or illness will be required to take either sick or annual leave. All employees are asked to accept the 20% reduction in their standard fortnightly pay for hours **not worked**. Waged employees providing “Essential Services cover” will be paid their standard hourly rate for hours **actually worked**. **Non worked** hours would have the 20% reduction applied. (*full time employee @ \$30ph and working 10 hours is paid \$300 gross (\$30ph x 10 Hours) plus 70 hours @ 80% (\$24 x 70 hours).*)

NOTE: It's possible this could occur regionally, which may require travel to another site to assist.

Scenario two – The current period is extended either nationally or regionally at L4 or L3 and does not allow VINZ a full return to normal operations.

VINZ would need to review any new information from the government but may need to further reduce the wage cover to that of the wage subsidy payments. These payments are \$600 per week for fulltime and \$359 for Part time staff (20 hrs. or less). If your normal contracted hours provide a weekly wage less than the subsidy, then you will be paid the normal wage, however if your normal contracted hours provide a weekly wage more than the subsidy, the subsidy will be paid. All employees will be asked to accept the reduction in their standard fortnightly pay for hours **not worked**. Waged employees providing “Essential Services cover” will be paid their standard hourly rate for hours **actually worked**. **Non worked** hours will have the subsidy payment applied. (*FT employee @ \$30ph working 10 hours paid \$300 gross (\$30ph x 10 Hours) plus subsidy at \$600 p/w.*)

This would be in place for the duration of the extended lockdown Level 4 period and be reviewed on any change from Level 4. This will help reduce the extent of the losses that VINZ is incurring while it has little to no income. Employees with ‘outstanding’ annual leave (not accrued leave) could use this leave to make up the shortfall in either scenario. This would need to be requested by the employee.

Summary

We appreciate this is a difficult time for all, we had all hoped our lockdown days were over, however the Delta variant is quite a different challenge. VINZ is still in a recovery phase after 2020's impacts and given what we know about the Delta variant and lockdown timelines we cannot extend last year's scheme. VINZ contracted costs incl wages have increased markedly since last year and we believe these steps are necessary to ensure we can meet our commitments. Should you find yourself subject to financial concerns you are advised to contact your bank or the Citizens Advice Bureau immediately. Click on the following link.

https://www.citizensinformation.ie/en/health/covid19/your_finances_and_covid19.html

Once we have a return-to-work approval, we will be back on deck, however as the full financial impact of this lockdown is unknown, we expect to still see volatile times. I hope that while you may not agree with this stance, you will at least understand the reasoning. There will be many businesses that will not survive this 2nd lockdown period, VINZ is strong enough to survive but needs the support of our whole team during these unprecedented times.

Regards Sean Stevens - Chief Executive



FAQ OVER

FAQ

1. **Will I still get paid fortnightly?** – Yes, we will continue with the same pay dates, for the current lockdown period levels 4 and 3 you will receive 80% of your usual rate. If an extension to this period is required due to the lockdown still being in force nationwide or in your work area, then you will be asked to agree to any changes from this position.
2. **Why do we need a 20% reduction?** – The Wage subsidy is equal to \$15.00 p/h for a 40-hour week. This is significantly lower than all labour rates VINZ pays. VINZ needs to reduce its costs during a period of little to no revenue.
3. **How long will I be paid this lower rate?** – the 20% reduction applies for the period of Lockdown L4 and L3 as initially advised by the government. Any change to the government's position will be reviewed in line with the discussions within this document.
4. **What happens if I don't agree to the 20% reduction?** – VINZ requires consent from an employee to be able to implement the 20% reduction, and this will be applied across the board. If VINZ cannot obtain consent, then we will need to consult further with that individual staff member. If unresolved and consent is still not given then requesting annual leave be taken is one option or otherwise, we will need to reassess our staffing levels, and this may lead to potential redundancies. We hope to avoid this action by implementing an agreed 20% reduction to all employees.
5. **What if I work during this period in an “essential services” role?** – Employees attending work to maintain “Essential Services” will be paid their standard hourly rate for the hours **actually worked** to recognise their assistance. *i.e. a full-time employee on \$30 ph and working 10 hours will receive \$300 gross (\$30 ph x 10 Hours) plus 70 hours @ 80% of the hourly rate.* The same will apply if there is a need to move to the Subsidy only, however this will be consulted on prior. Where salaried staff are also in this situation, they will be dealt with on a case-by-case basis and subject to workloads.
6. **Can I cash up my leave during this extended period?** – Yes, you can request cash - up for up to 1 week of your **outstanding** annual leave entitlement as a one off, OR you can request cash-up to allow for an increase in your rate to take you back to the 100% level. VINZ would prefer that at least 4 days leave is still accessible to the employee after cashing up to allow for addition leave during the year.
7. **What happens if the lockdown goes longer?** – Should the lockdown period be extended post the current period, VINZ will assess the information available and may need to move to the subsidy only scheme. All employees will be consulted on this scheme should it be required
8. **Does this reduction apply to all managers and VINZ Directors?** – Yes, all Managers and VINZ Directors are included in this proposal and will have the same scheme applied.

The Delta variant of COVID 19 is sweeping the world and NZ has so far been fortunate. We hope that with quick and solid actions we can avoid the challenges of 2020 and impacts on health and wellbeing as well as livelihoods.