|  |  |
| --- | --- |
| **To:** | All Staff |
| **From:** |  |
| **Date:** |  |
| **Subject:** | Staff Consultation – Impact of COVID-19 |

# Introduction

We are currently in an unprecedented situation where New Zealand is on full lockdown in response to the international spread of COVID-19. This has implications on all businesses and activities across the country, and sport has not been immune to these.

We are in a holding pattern and there are many unknowns about the delivery of OUR SPORT. At present, we are on hold until DATE 2020, but it is quite possible that this will be extended further, given central Government’s direction to keep the country on Level 4 Alert until at least Thursday 23 April.

# Priorities

It was made clear at the staff meeting of DATE that the priorities were to ensure as best as we could:

1. the survival of SPORT in this unprecedented environment, and

2. the wellbeing of our staff, including job security.

Those priorities remain our primary focus.

As indicated at that meeting, the Board has worked closely with Management over the past week to confirm our financial position and plan for potential scenarios going forward. This memo is intended to inform you of the situation and as a starting point to commence conversations and consultations over how we work through the current situation together.

# OUR Financial Position

As an Incorporated Society, we are here to act as a registered organisation working on behalf of our members (that is our member Clubs and community). Our revenue comes from community and grant funding and sponsorship, and the affiliation fees we generate from the SPORT community.

With no SPORT being played at the moment, and with the vast majority of funders closing applications for the foreseeable future, managing our cashflow will be increasingly challenging over the next few months. Along with meeting obligations to staff, normal ‘business as usual costs’ must still be paid.

# COVID-19 Employer Subsidy

We are lucky that the New Zealand Government has made available funds to support and help us retain our workforce. This is available for a 12-week period to 9 June 2020. As at the end of last week, Government changed the rules on the use of this subsidy, reducing the requirement on employers to pay staff at a minimum level of 80% of their regular salary during the lockdown/subsidy period, if despite best endeavours, they are unable to do so. This has now been amended to ensure, that as a minimum, the full subsidy amount is passed onto all staff.

As at DATE, WE have applied to the subsidy for all staff at the over 20 hours per week level, which equates to $585.80 per week per full time employee, for the period to 9 June 2020. We hope that this is paid into our account during this week.

# Proposal for Consultation

WE acknowledges that our staff are our greatest asset. We are very fortunate to have an enthusiastic and committed team, who often go well above and beyond, to deliver a quality service to our members. We want to retain that.

However, we also find ourselves in unchartered territory, where our future is unknown, our ability to generate revenue is very limited in the short term, and will quite likely be more challenging when we come out the other side.

Under our obligations as an employer, and acting in good faith, we are required to consult with our staff should we look to make any changes to staff working hours or arrangements.

WE would now like to consult with all staff, to obtain your feedback on how we will effectively manage the current financial constraints we are facing at this present time. Please be assured that the subsidy amount will be passed on as a bare minimum, no matter what should happen over the next few months, through until 9 June 2020.

We would like to propose the following options for staff consideration and feedback:

# Option 1: All Staff Reduce Hours to 80% of Current Contracted Arrangements

This option would require all staff to reduce current hours and therefore salary, to 80% of their current base salary going forward. This means that those working 40 hours would now be paid for 32 hours, with the expectation that staff will also only work 32 hours per week.

Should staff wish to utilise TOIL or Annual Leave owing, they would be able to do so, but only as long as the maximum paid remained at the 80% threshold. For example, if you were working 0.8 FTE and took 1 day of TOIL or Annual Leave, you would only be expected to work 0.6 FTE that week – or 3 days.

Should staff agree to this option, it would take immediate effect from day of Board approval, and would be reviewed again before 1 May 2020.

In an attempt to provide full disclosure, this is the Board’s preferred option, but this will be subject to approval by staff.

# Option 2: Dis-Establishing Roles

Another option available in the current environment, is to reduce the number of our staff as a whole, in an attempt to cut costs. There are significant impacts to this Option which include, but are not limited to:

* It helps fuel the impending recession
* It’s bad for our future – SPORT will return!
* It’s not good for anyone’s mental health
* As a bare minimum, we have the amount of the Government subsidy available
* The future success of our organisation is largely dependent on our people

This is OUR least preferred option going forward as our desire is clearly to retain our current team and to preserve the culture of our organisation going forward.

AS an alternate option – if any staff are interested in exploring voluntary redundancy please contact the CEO.

# Option 3: Requiring Staff to Take Leave Without Pay

We also have the option to consult with staff around taking leave without pay to avoid any positions becoming redundant in the short term. For this to occur, staff would need to agree to take the subsidy amount of $585.80 per week and then take the rest of their contracted hours as Leave without Pay.

At present, this is also not OUR recommended approach, however, should the lockdown continue into May, this may be an option that needs more in-depth consultation and consideration, in order to retain our staff until SPORT is able to resume.

There may be other options we have not thought of – if you have any ideas for how we can move through this uncertain period, please let MANAGEMENT know.

# Next Steps

Before making a decision, WE wish to consult with each employee individually to ascertain your feedback on the above options and proposed way forward.

MANAGEMENT will make a time to speak with each of you in the coming two days to obtain your feedback and determine a way forward for the weeks ahead. I acknowledge that this is a very uncertain and unsettling time for everyone, and putting these options to the staff is not something that WE have come to lightly.

Please be assured that we will continue to communicate with you, either directly or via MANAGEMENT, and that we will continue to prioritise the wellbeing and retention of our staff through this difficult process.

Please direct any specific questions you have regarding this proposal to MANAGEMENT in the first instance.

Kind regards,