

## **EMPLOYERS' GUIDE PART 2: EMPLOYMENT CONTRACTS**

### **OVERVIEW**

The basis of an employer - employee relationship is a contract. This section of the Employers' Guidebook contains factsheets which provide examples of clauses you might like to include in different sections of your employment contracts.

**IMPORTANT NOTE TO EMPLOYERS:** *You can amend the clauses to suit your own situation. Please do not just paste any of these clauses into your employment contracts without carefully reviewing them to ensure they meet your needs. If you are unsure of what to put in an employment contract it is a good idea to ask a labour officer or lawyer to check it before signing.*

#### **DOES THE LAW REQUIRE ME TO GIVE MY EMPLOYEES WRITTEN CONTRACTS OF EMPLOYMENT?**

No the law doesn't require you to have written employment contracts with the following two exceptions (section 9):

- for a fixed term exceeding 6 months
- when the employee needs to live away from his ordinary place of residence.

#### **IF I HAVE A WRITTEN CONTRACT WHAT NEEDS TO BE INCLUDED IN IT?**

Written contracts need to state the names of the parties, the nature of employment, the amount and the mode of payment of remuneration and any other terms and conditions of employment (section 9).

These are "the basics", but you can include more information if you want to. It is up to you how detailed you make your employment contracts. There is a summary of proposed parts to be included in an employment contract in the tools section of this chapter.

#### **IF MY EMPLOYEES DO NOT HAVE WRITTEN CONTRACTS OF EMPLOYMENT, DO THEY STILL HAVE EMPLOYMENT CONTRACTS?**

Yes. Even if a contract is not written there is a verbal agreement, or *oral contract* between you and your employees.

#### **WHY SHOULD I HAVE A WRITTEN CONTRACT OF EMPLOYMENT IF I CAN HAVE AN ORAL CONTRACT?**

A clear written contract allows both parties to know exactly what they have agreed to.

It can be hard to identify the terms of the agreement if it is not written down. If there is an employment dispute deciding what the contract terms are can lead to further disagreements.

#### **DO I NEED A LAWYER TO MAKE A CONTRACT FOR ME?**

There is no requirement for a lawyer to write an employment contract. Nor is "fancy language" required. It is better to have a contract written in plain language that you and your employee both understand to record what you have both agreed.

#### **WHAT TYPES OF CONTRACTUAL ARRANGEMENTS ARE THERE?**

In Vanuatu's law there are two main categories of employment contracts:

- **Fixed term contracts**, which have a definite start and end date; and
- **Open ended contracts**, which have a start date, but no set end date.

It is important to decide which type of contract you want because each has different ways of coming to an end. You need to be careful about clauses regarding notice and renewal in fixed term contracts.

Vanuatu's law does not define **full time**, **part time** and **casual** employees. Some benefits, such as paid leave and severance allowance are only available to employees who are in **continuous employment**. In practice employers in Vanuatu often refer to full time, part time and casual employees and there is a general understanding that part time and casual employees have different entitlements.



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