New compensation rules for cancelled shifts

A law change means employers now need to give workers compensation if a shift gets cancelled without enough notice.

Changes to employment laws are introducing compensation for workers whose shifts get cancelled without reasonable notice. Here’s what you need to know.

When: 1 April 2016.

What: You must give workers reasonable notice of any cancelled shifts. If you don’t give enough notice, you must pay reasonable compensation. Details of the period of notice and compensation rate must go into their written employment agreements. Both must be reasonable.

If you cancel work at the start of a shift or cut it short, your workers will be entitled to their full pay (including holiday pay accrual). You can’t ask an employee to agree to anything less than this.

Also, you WON’T be able to:

- expect your staff to be available for work outside their agreed shift hours without a genuine reason and paying them reasonable compensation
- make unreasonable deductions from wages
- unreasonably restrict your employees from working other jobs.

What is “reasonable”?

To work out what reasonable compensation for a shift cancellation means for your business, the law sets out things to think about, including:

- how much notice you’ll give
- how much your worker would have earned for the cancelled shift
- if it costs your worker to prepare for a shift.

To work out what reasonable notice means for your business, the law also sets out things to think about, including:

- the nature of your industry
- the impact on the worker
- their working arrangements, eg how many guaranteed hours they have and their rate of pay.

Why: The Government wants to end unfair employment practices. Cancelling a shift or sending someone home early affects their ability to earn a living. Employees need some certainty that the shifts they’re asked to work will happen, so they can plan their lives and finances.

What you’ll need to do

- Employment agreements: From 1 April, you have 12 months to update your existing employment agreements to include details of the notice you’ll give and the compensation you’ll pay if you cancel a shift.
- Roster carefully: If you have staff working to a roster, work out how many people are needed to do the tasks at hand. Cancelling a shift or sending someone home early affects their ability to earn a living. It shouldn’t be done lightly.
- Short shifts: If your employee volunteers to go home early — without any intervention or suggestion from you — you don’t need to pay for the entire shift.
- Total hours of work: If you cut short or cancel a shift it may mean your employee can’t work their agreed number of hours. If that happens you must make up any difference in their pay.
The new law introduced other changes to make employment practices fairer, including a ban on "zero-hour" contracts. Employers must now guarantee agreed hours of work for each employee. Find out more about agreed hours of work in our newsletter article (/news/times-up-for-zero-hour-contracts/).