

**IN THE EMPLOYMENT RELATIONS AUTHORITY
CHRISTCHURCH**

[2014] NZERA Christchurch 187
5449616

BETWEEN MARK GOODGER
 Applicant

A N D ROBERT and JANE GOODGER
 t/a MAINLY DOORS
 Respondents

Member of Authority: David Appleton

Representatives: David Beck, Counsel for Applicant
 Michael Kirkland, Counsel for Respondents

Investigation Meeting: 27 June 2014 at Christchurch

Submissions Received: 10 October 2014 from Applicant
 20 October 2014 from Respondent

Date of Determination: 19 November 2014

DETERMINATION OF THE AUTHORITY

- A. The Applicant was unjustifiably dismissed and is awarded the remedies set out in this determination. The Applicant is not owed any holiday pay.**
- B. Costs are reserved.**

Employment relationship problem

[1] Mark Goodger (the Applicant) claims that he was unjustifiably dismissed from his employment on or around 15 October 2013. He further claims that he is owed holiday pay.

[2] The Respondents deny dismissing the Applicant, saying that he resigned using abusive language and, although he later apologised, did not withdraw the resignation. A counterclaim against the Applicant originally referred to in the statement in reply was withdrawn prior to the investigation meeting.

Brief account of the events leading to the employment ending

[3] The Applicant worked as a joiner's labourer earning \$20 per hour. He had been employed by Robert Goodger and Jane Goodger, his uncle and aunt, (referred to as Mr and Mrs Goodger respectively in this determination) for around 20 years.

[4] On Thursday 10 October 2013 the Applicant requested leave for the following day, which was granted. On Sunday 13 October he asked for another day's leave for the following day, which again was granted. On Tuesday 15 October the Applicant telephoned Mr Goodger at his home after the working day and again requested leave for the following day, which Mr Goodger agreed to. It is disputed whether he asked for only a couple of hours off (as is claimed by the Applicant, who says that Mr Goodger said he could have the whole day off) or he asked for the entire day off, as is claimed by Mr and Mrs Goodger.

[5] It is also disputed whether or not the Applicant had explained why he needed the time off (to attend to his builder, who was carrying out EQC works following the Christchurch earthquakes of 2011).

[6] Mr Goodger's evidence is that, after putting the phone down to the Applicant, he realised that he had quotations booked on-site with potential customers during the afternoon of the following day and so needed the Applicant to be at work. Mrs Goodger immediately telephoned the Applicant to advise him of the situation.

[7] An argument ensued between the Applicant and Mrs Goodger. The Applicant says that he told her "*she could stick the job up her a*se*". Mrs Goodger's evidence is that the Applicant said to her "*get f*cked, I quit*". It is agreed by the Applicant that he was angry and wound up because of the problems he had been encountering with the repair works.

[8] It is the Applicant's evidence that he then telephoned Mr Goodger to find out why Mrs Goodger had sought to stop his leave. He said the conversation was inconclusive but not heated and that Mr Goodger said that the Applicant could not

talk to Mrs Goodger because she was upset too and was crying. The Applicant states that he had this conversation prior to Mrs Goodger sending him a text.

[9] The text referred to by the Applicant was sent by Mrs Goodger at 8.11 pm. It stated:

We have accepted your two weeks notice. See you for the next two weeks from 8am tomorrow.

[10] Mr Goodger denies that the Applicant rang him again that evening or that Mrs Goodger had been crying. The telephone records that I directed to be obtained by the parties do not assist in determining whether there was another conversation with Mr Goodger that evening, and if there was, whether the Applicant apologised to Mr Goodger before or after he received the text from Mrs Goodger.

[11] The Applicant's final two calls to the Goodgers' business mobile (at 10.42pm and 11.28pm) were apparently when he left the following voice messages, recordings of which the Authority heard:

[Mark] here. I thought you'd be a bit more understanding about the EQC and insurance claims. Won't be seeing you tomorrow, or probably ever. Cheers.

and

Hi Jane, make sure there is a copy of the employment agreement at work so I can pick it up. Thanks.

[12] The Applicant also states that, the following morning, he rang Mr Goodger again and apologised for reacting to Mrs Goodger the way he did. He says that Mr Goodger told him that it was *not his decision but was up to Jane* [Mrs Goodger]. The Applicant then rang Mrs Goodger and apologised, but she refused to discuss it, insisting that he had resigned and that she did not want him to continue working with Mr Goodger.

[13] Mr Goodger's evidence is that he and Mrs Goodger had been shocked after the conversation between Mrs Goodger and the Applicant in which he had sworn, and he had thought *if you're going to be like that, then you'll jolly well do it*, meaning, I understand, leave the employment. He says that the next time he heard from the Applicant was the following morning when he the Applicant apologised to him and he had said that the Applicant needed to apologise to Mrs Goodger. He says that he

never understood that the Applicant wished to retract his resignation, and understood the apology to be for the abusive language.

[14] The Applicant's evidence is that he then met with Mr Goodger later that day to relate what Mrs Goodger had told him, but that Mr Goodger would not discuss the matter with him. He says that he then collected some of his personal items and a motorbike from the respondent's business premises, and left. Mr Goodger agrees that the Applicant came into the work premises later the same day and took his motorbike away that he had been storing there but says that the Applicant and he did not talk to one another but that the Applicant called something out to him which he did not hear.

[15] Mrs Goodger's evidence is that the Applicant did call her to apologise for his abusive behaviour to her the previous day, but that she refused to accept the apology. She says that she told him that it had been the second time that he had walked out on them, and that she could not accept the apology. She explained to the Authority in evidence that the Applicant had refused to work for them when his hours had been reduced a year or so before, but that he came back after two weeks. She confirmed that he had not been abusive to them on that occasion (although said that his walking out had been an abuse of them as his employers). The Applicant's explanation was that he had taken the opportunity to take a two week break during the period when his hours had been reduced in order to rest his back. He says he was in receipt of ACC compensation during this period. Whilst the Authority saw evidence that the Applicant had been on ACC around the time in question, it is not possible to determine whether or not he had *walked out* for a few days.

[16] Mrs Goodger's explanation to the Authority for refusing to accept Mr Goodger's apology was that she and her husband had told the Applicant when he had returned to work after the two week absence that they would not tolerate him walking out again, and this time, he had abused her verbally as well. In addition, him calling them at their home, knowing that her husband was resting after work (Mr Goodger has a medical condition requiring him to rest) was *an insult*. Mrs Goodger says that the Applicant never said to her that he wished to retract his resignation.

[17] On 19 October the Applicant received a letter dated 16 October 2013, signed by both Mr and Mrs Goodger, which stated as follows:

Dear Mark,

Re: TERMINATION OF EMPLOYMENT

As per your phone calls to us on the evening of 15 October 2013, we acknowledge your wish to immediately terminate your employment with Mainly Doors.

As you will be aware, two weeks notice of termination was required. As at 15 October 2013, your remaining holiday leave total was standing at 6 days. With the subtraction of a further day of holiday leave for Wednesday 16th October, outstanding leave total is 5 days by days end on 16th October. Therefore, Wages of \$665.25 nett will be paid to you on Thursday 17th October 2013.

The remaining 5 days holiday leave owing to you will be extinguished over the following Thurs-Weds pay week, therefore final wages of \$665.25 will be paid to you on Thursday 24th October 2013.

Please ensure keys or any other property of Mainly Doors is returned to Bob at Mainly Doors by 4.00pm Friday 18th October 2013. At this time, you will also be required to sign the wage book.

Mark, we wish you well for the future.

[18] That letter was sent on 16 October according to the Respondents. The Applicant then sent a text on 19 October to the Respondents in the following terms:

Only got leter 2day about removeing my stvff sorry will b there monday to get it if thats ok. [sic]

[19] The Applicant says that, on Monday 21 October, he went into work to collect his remaining items and return the keys. Mr Goodger says that, when this occurred, he shook hands with the Applicant and wished him all the best.

[20] On 25 October Mrs Goodger sent an email to the Applicant which stated that she was writing it as an aunt, and not as an employer. The material part of this email stated as follows:

80% of people of Canterbury residents have "issues" with EQC and/or Fletchers and that is what you, too, have had to deal with. I acknowledge that. The people in this category also have jobs they go to each day and fulfil their requirements as an employee to their employer. They do not abuse their Employer, as you have done, due to their hardship with EQC repairs!

[21] The same day the Applicant sent an email to Mrs Goodger acknowledging receipt of \$665.25, but saying that he was entitled to 8% of gross earnings which was outstanding.

[22] Mr and Mrs Goodger responded by email in the following terms:

Dear Mark,

Upon 2 weeks notice of resignation, an employee does have entitlements.

Due to your "immediate and very abusive" resignation advice by phone and text to us outside of business hours and without the 2 weeks notice as per your Contract, these entitlements do not apply.

As you are aware, this is the second such similar instance and offence from you as an employee of Mainly Doors.

As goodwill, Mainly Doors paid you for your remaining holiday leave, paid on 17 & 24 October.

You will also be aware of the many entitlements you enjoyed as an employee of Mainly Doors (keyholder and access to premises, holiday requests at very short notice, granting of peak Christmas/New Year holidays every year, storage facilities of large personal items, to name a few).

We challenge you to find an employer that would afford you such entitlements.

[23] By way of a letter from his lawyer dated 1 November 2013, a personal grievance was raised on behalf of the Applicant in respect of an unjustified dismissal.

The issues

[24] Mr Kirkland, on behalf of the Respondents, refers the Authority to the Employment Court case of *Boobyer v Good Health Wanganui*¹ which identified different categories of situations where an employee can be taken to have resigned by their employer. Mr Kirkland submits that the present case is an example of an employee who unambiguously resigned. He says that the Applicant did not attempt to resile from or withdraw his resignation, but if the Authority finds that he did, in the absence of the respondent having agreed to such a withdrawal, the resignation stands and the Authority must find that the employment came to an end by resignation.

¹ EmpC Wellington WEC3/94, 24 February 1994

[25] The first issue to assess, therefore, is whether Mr Kirkland is correct in assessing the Applicant's words as constituting unambiguous words of resignation, or whether the resignation falls within another of the *Boobyer* categories.

Which *Boobyer* category did the Applicant's words fall into?

[26] Although there is a conflict of evidence about what exactly was said by the Applicant to Mrs Goodger on the evening of 15 October 2013, I accept that they could reasonably have been taken by Mrs Goodger as indicating a resignation, even on the Applicant's own evidence. This is partly because of the words used (*You can stick the job up your a*se*) and because the Applicant said to the Authority in his evidence that he had instantly regretted the words and that he had said to his wife, *I've just stuffed my life up*.

[27] However, such words could also fall into another category of situation as envisaged by *Boobyer*, where His Honour Chief Judge Goddard referred to a situation:

...where words of resignation form part of an emotional reaction or amount to an outburst of frustration and are not meant to be taken literally and either it is obvious that this is so or it would have become obvious upon inquiry made soberly once "the heat of the moment" had passed and taken with it any "influence of anger or other passion commonly having the effect of impairing reasoning faculties": Chicken and Food Distributors (1990) Ltd v Central Clerical Workers Union [1991] 1 ERNZ 502, 507. Examples of a sudden flare up being treated as a resignation are scattered through the books. Some feature rather extreme actions by the employee including emphatic language and expressive conduct extending to actually walking out or using words of resignation, only to return or recant later. Each case turns on its own facts but it is at least clear that "[a]n apparent resignation can also amount, notwithstanding the words used, to a dismissal.

[28] It is common ground between the parties that the Applicant had been angry when he had said the words that had offended Mrs Goodger. It is not necessary, I believe, to try to establish exactly what triggered his anger. Nor is it necessary to establish whether he had asked for two hours off or the whole day, or whether or not Mr and Mrs Goodger knew that he wanted the time off to attend to his house repair issues. I will simply say that I believe that an argument ensued between Mrs Goodger and the Applicant which finished with the Applicant losing his temper and saying words in the heat of the moment which offended Mrs Goodger and indicated to her that he was resigning. This is also evident from the nature of the words used and the fact that the Applicant had stayed in employment with the Respondents for 20 years

up until 15 October 2013, which demonstrates that the words used were not typical of the Applicant.

[29] Having established that the words used were uttered in anger, I must disagree with Mr Kirkland and characterise the situation as a *heat of the moment* or *flare up* situation, rather than a situation of the Applicant unambiguously resigning.

[30] It is a well-established principle of New Zealand law that the duty of good faith obligation in s.4(1A)(b) of the Employment Relations Act 2000 (the Act)² requires an employer to investigate further when an employee signals an apparent resignation by words or deeds in the heat of the moment.

[31] In the Employment Court judgment of *Kostic v Dodd* (EmpC Christchurch CC14/07, 11 July 2007) His Honour Judge Couch discussed at paragraphs [86] to [89] the effect of angry words uttered by an employee and how a fair and reasonable employer would act in response to them:

[86] There will be very few circumstances in which a fair and reasonable employer would dismiss an employee without investigation and, in particular, without giving the employee an opportunity to be heard. This is not such a case. Regardless of the understanding Mr Milligan and Mr Dodd may have formed of the events of 8 March 2005, they certainly knew that those events occurred in an atmosphere of anger and other emotions. They also said they believed Mr Kostic, a man they knew very well, was behaving in a manner they had never seen before. A fair and reasonable employer would not take at face value what was said in such circumstances. Rather, such an employer would allow a cooling down period and then discuss with the employee what had occurred.

[87] Even if, contrary to the finding of fact I have made, Mr Kostic did unequivocally say that he was resigning, a fair and reasonable employer would not have rejected his proposal for discussion and simply acted on that resignation.....

[88] It was common ground in this case that, on 8 March 2005, Mr Kostic was in a normal frame of mind prior to Mr Dodd speaking with him in the presence of Mr Milligan. Whatever Mr Kostic then said in response could only be regarded as the product of anger or emotion. It was therefore not safe or, to use the operative words of s103A, "the action of a fair and reasonable employer" to insist on giving effect to what he said.

[89] Mr Davidson went on to submit that, even if a cooling off period had been observed, "no fair or reasonable and fair employer could

² which requires, inter alia, the parties to an employment relationship to be active and constructive in establishing and maintaining a productive employment relationship in which the parties are, among other things, responsive and communicative.

and or would have been expected to allow the plaintiff to return to his employment." *I reject that submission. Its effect is to prejudice what might have been revealed by a proper investigation of the issues. As there was no investigation undertaken or opportunity for explanation provided, it is impossible to say what a fair and reasonable employer would have done after conducting such a process. As is apparent from the findings of fact I have made based on the evidence adduced in the Court, the initial view taken by Mr Dodd and Mr Milligan was by no means the only view available to a fair and reasonable employer.*

[32] In the Employment Court case of *Taylor v Milburn Lime Limited* [2011] NZEmpC 164, CRC2/10, the Court states, at [29] that:

Guided by the test of justifiability in s103A [of the Act] ³, employers must now ensure that, in taking any step which may disadvantage an employee, they do what a fair and reasonable employer would do in all the circumstances.

[33] *Kostic and Taylor* were heard before the April 2011 amendments to s.103A came into effect, but the principles enshrined in these judgments will not be affected by those amendments, save that the consideration is whether the respondent's actions were what a fair and reasonable employer could have done in all the circumstances.

[34] Having established that the Applicant uttered words, which were taken by the Respondents as a resignation, in the heat of the moment, it is necessary to consider the following issues:

- (a) Whether the Respondents sought to investigate the Applicant's intentions;
- (b) Whether the Applicant sought to withdraw his resignation; and
- (c) Whether the Applicant took steps to confirm his resignation by the leaving of the voice messages and the removal of his personal property.

[35] It is also necessary to inquire whether the Applicant is owed holiday pay and, if so, how much.

³ The test is whether the employer's actions, and how the employer acted, were what a fair and reasonable employer could have done in all the circumstances at the time the dismissal or action occurred.

Did the Respondents seek to investigate the Applicant's intentions?

[36] Even on the Respondents' own evidence they did not seek to discuss matters with the Applicant after the telephone conversation between him and Mrs Goodger on 15 October. Mrs Goodger sent her text to the Applicant 30 minutes after getting off the telephone with him, *accepting* his two weeks' notice. This text did not give the Applicant a chance to cool down or give the Respondents an opportunity to investigate the Applicant's true intentions after such a cooling off period. In my view, this alone indicates that the Respondents failed to act in accordance with their obligations as employers towards the Applicant as required by ss.4 and 103A of the Act, and as signalled by *Kostic*.

[37] The Respondents' case is that the Applicant should have sought to have withdrawn his resignation before any such obligation arose, and he did not. However, I do not accept this argument. Whilst both parties owe each other a duty of good faith, the fact that an employee has uttered words in anger does not subvert the employer's duty to investigate the matter, and that obligation does not lie dormant until the employee seeks to withdraw the words used. There is nothing in the case law to suggest such a thesis in my view.

[38] I shall, however, address the factual assertion that the Applicant failed to seek to withdraw his resignation for completeness.

Did the Applicant seek to withdraw his resignation?

[39] It is clear from the Respondents' evidence that the Applicant apologised (or tried to apologise) to both Mr and Mrs Goodger separately within a period of less than 24 hours after the offensive words were uttered. Even if the Applicant did not expressly say he wished to retract his resignation and continue working again, it was implicit in his apologies that he wished to retract the resignation. I believe, also, that Mr Goodger at least, knew this, because, according to the Applicant's evidence, which I accept, Mr Goodger said to the Applicant that *it was not up to him*, and that the Applicant had to talk to Mrs Goodger. Saying *it was not up to him* strongly suggests that a decision was being asked of Mr Goodger, and I find that it was more likely than not that the decision being asked was whether the Applicant could go back to work.

[40] I believe that the Respondents knew that the Applicant wished to retract his words (and so, by the same token, his resignation) but not only refused to contemplate the withdrawal, but failed to discuss the situation with him in any meaningful way.

[41] By taking almost immediate steps to confirm the resignation by text at 20.11 on 15 October 2013, and then refusing to accept the Applicant's apologies the following day, after the Applicant had clearly cooled down and was regretting his words, was not what a fair and reasonable employer could have done in all the circumstances at the time the dismissal or action occurred.

Did the Applicant take steps to confirm his resignation by the leaving of the voice messages and the removal of his personal property?

[42] The Applicant left both his voice messages on the evening of 15 October, after he had received the text from Mrs Goodger. He was clearly still agitated, and was possibly reacting to the text. However, by the morning he had calmed down and had had time to reflect and to work out that he needed to apologise to both Mr and Mrs Goodger for his words.

[43] I do not believe that these voice messages confirm unequivocally that he intended to stick to his words of resignation because they followed on so quickly from the angry exchange. Put another way, because of their close proximity to the angry exchange, the voice messages did not excuse the obligation of Mr and Mrs Goodger to make enquiries of the Applicant after all parties had cooled down, as to the Applicant's true and considered intentions.

[44] As far as taking away his property is concerned, this clearly happened after he had tried to apologise to both Mr and Mrs Goodger, but had been rebuffed. Therefore, by then, he had realised that his employer were treating him as having ended his employment and were not going to relent.

Conclusion

[45] The evidence given by both Mr and Mrs Goodger clearly indicates that they believed that the Applicant had committed misconduct by saying what he had to Mrs Goodger, and I infer that they then took advantage of the Applicant's words to treat his employment as being at an end. However, their duty of good faith towards the Applicant as his employer required them to allow a cooling off period to ensue,

and then to investigate the words uttered by the Applicant to establish what his intentions were and what an appropriate response to them would be.

[46] I do not accept that the Respondents' belief that the Applicant had once before walked off the job (which, according to evidence put before the Authority some weeks after the investigation meeting, occurred according to the Respondents in February 2012) excused them of undertaking a proper investigation on this occasion, some 20 months later.

[47] In conclusion I am satisfied that, had the Respondents allowed that cooling off period to ensue, they would then have established that the Applicant did not wish to resign from his employment and regretted his words. The Respondents' failure to establish this prior to sending a text accepting the *resignation*, and then refusing to accept the Applicant's later apology, lead me to conclude that the employment came to an end by way of a dismissal rather than a resignation freely given.

[48] Furthermore, the actions of the Respondents which led to this state of affairs were not the actions that a fair and reasonable employer could have done in all the circumstances at the time. Accordingly, I find that the dismissal was unjustified.

Holiday pay

[49] The Applicant contends that he is owed six days unpaid holiday pay, amounting to the sum of \$960 gross. The Respondents assert that the six days' leave sought were paid in two tranches; one day being paid on 16 October 2013, and the remaining five days on 23 October 2013. As the parties agree that, at the end of employment, the Applicant was owed six days' holiday pay, the only issue is to determine whether such a payment was made.

[50] The last day of employment was 15 October 2013, and although two weeks' notice of termination was required under the individual employment agreement in place between the parties, this was not worked. The respondent treated the Applicant as having taken a day's leave on 16 October and treated the final five days' leave as *extinguished* over the following five days (17, 18, 21, 22 and 23 October 2013). I understand that the Respondents say that the final payment made to the Applicant was for five day's annual leave.

[51] The Applicant's bank statements show that payments were made to him on 17 and 24 October in the net amounts that one would expect him to have received had he worked for the entirety of the weeks ending 16 and 23 October respectively.

[52] In light of this evidence I am satisfied that the Applicant was paid six days' holiday pay.

Remedies

[53] Having established that the Applicant was unjustifiably dismissed, I must now determine what, if any, remedies he is entitled to. Section 123(1)(b) of the Act provides that the Authority may provide the reimbursement of a sum equal to the whole or part of any wages or other money lost by the employee as a result of the personal grievance. Section 128(2) provides that, subject to s.123(3) and s.124, the Authority must, whether or not it provides for any other remedies, order the employer to pay the employee the lesser of a sum equal to that lost remuneration or to 3 months' ordinary time remuneration. Section 123(3) provides that, despite subsection (2), the Authority may, in its discretion, order the employer to pay a sum greater than provided in subsection (2).

[54] The Applicant seeks reimbursement of wages lost up to 4 December 2013. This is the date he says that he found new work in a demolition company. The respondent submits that no evidence was provided *in respect of this aspect of the claim* but this is not true, as a statement that he found work in a demolition company was made in the Applicant's statement of evidence. Rather, the Respondents did not challenge the Applicant's evidence in cross examination.

[55] I accept that it took the Applicant between 16 October and 3 December 2013 to find new work, which is a modest period of time. This amounts to 35 days' loss of income. At a gross income of \$160 a day, that amounts to \$5,600.

[56] Next, I must turn to compensation for humiliation, loss of dignity and injury to the feelings of the Applicant, as provided for under s.123(1)(c)(i) of the Act. Mr Beck submits that the Applicant should be awarded \$15,000. The Applicant's evidence was that he was devastated by losing his job, having worked with them for so long, and he had thought he could buy them out when they retired. He says he contemplated suicide and his father came round to console him.

[57] This was the extent of the evidence the Applicant gave on the effect of the dismissal upon him. Whilst he also spoke of the upset caused to him by the breakdown in the family relationship, this should not factor into an assessment of the effect as that flows from the fact that he was employed by relatives, rather than from the fact of the personal grievance.

[58] Furthermore, whilst contemplating suicide could be a very serious and significant effect, the Applicant did not adduce any corroborating evidence, such as evidence from his father or evidence of counselling. However, I believe that it is relevant to take into account the length of employment and the likely effect of leaving employment unexpectedly after 20 years.

[59] I therefore fix compensation under s.123(1)(c)(i) at \$8,000.

Contribution

[60] Under s.124 of the Act, where the Authority has determined that an employee has a personal grievance, the Authority must, in deciding both the nature and the extent of the remedies to be provided in respect of that personal grievance, consider the extent to which the actions of the employee contributed towards the situation that gave rise to the personal grievance; and if those actions so require, reduce the remedies that would otherwise have been awarded accordingly. Case law has established that a contribution justifying a reduction must be blameworthy.

[61] It is clear that the Applicant's actions contributed to the situation giving rise to the personal grievance, when he swore at Mrs Goodger in frustration. Such an action was clearly blameworthy. Therefore, I am satisfied that a reduction in remedies is warranted. I consider that, given the language used, which, even on the Applicant's case, was aggressive and offensive, a reduction in remedies by 50% is warranted.

Orders

[62] I order the Respondents to pay to the Applicant the following sums:

- a. Lost wages in the gross sum of \$2,800; together with
- b. Compensation under s.123(1)(c)(i) of the Act in the sum of \$4,000.

Costs

[63] Costs are reserved. If the parties are unable to agree how costs are to be dealt with within 14 days of the date of this determination, Mr Beck, on behalf of the Applicant, is to serve and lodge a memorandum of counsel within a further 14 days, and Mr Kirkland is to serve and lodge a memorandum in reply within a further 14 days.

David Appleton
Member of the Employment Relations Authority