

WGANZ SICK LEAVE INCREASE BULLETIN 14 December 2020

Govt consulting on sick leave increases – submissions open

The Holidays (Increasing Sick Leave) Amendment Bill was introduced to Parliament on 1 December, and supporters of the Bill promised that it would be passed into law this year. It's looking a bit uncertain, because 9 days later Parliament's Education and Workforce Committee [announced](#) that it was seeking public submissions on the Bill.

The closing date for submissions is Thursday, 28 January 2021.

The Holidays (Increasing Sick Leave) Amendment Bill proposes to increase the availability of employer funded sick leave for employees from a minimum of 5 days per year, to 10 days. It is important for employers to voice their opinion and you are encouraged to [make a submission](#). The following information (courtesy of BusinessNZ) may be useful for inclusion in your submission. Labour's sick leave policy is unfair, misleading and costs too much.

Unfair

- Part time employees will get more than others. Someone who works one day a week will get 10 weeks' sick leave a year, compared to a full-time employee who will get 2.
- Employees who contractually get more sick leave than the Holidays Act provides for, are likely to get a windfall.

Misleading

[Labour's policy document](#) says "Managing COVID-19 has shown, more than ever, how important it is for workers to be able to stay home if they are sick. That's why we are expanding sick leave entitlements from five days to ten days a year. This will mean people can stay at home if they are unwell and will also provide support and flexibility for working parents."

If more sick leave is a response to the pandemic it should be temporary, not permanent, as it will become if the Bill is passed.

Expensive

According to the 2019 [BusinessNZ and Southern Cross Workplace Wellness Report](#) sick leave taken corresponds to entitlements. The 2018 national average of sick leave taken sits around 4.7 days, approximately 94% of the statutory 5-day entitlement to sick leave. This amounts to about 7.1 million person days of lost productivity.

So an increase in entitlement will increase absenteeism and reduce productivity. Applying a similar ratio to the proposed entitlement of 10 days per year, gives around 9.4 days, an increase of 3.7 days.

The addition of Matariki to the list of public holidays will push this figure to 4.7, the same as for 2018. Given the growth in the workforce since 2018, this will reduce national productivity by an additional factor of significantly more than the 7.1 million person days lost in 2018.

This won't help businesses recover from Covid-19 and may actually tip many more into insolvency.

This bulletin is brought to you by AdviceWise People - 0800 692 384. If you have any questions or would like to discuss the bulletin above, please call Philip or Anthony.
