



## COVERSHEET

<b>Minister</b>	Hon Michael Wood	<b>Portfolio</b>	Workplace Relations and Safety
<b>Title of Cabinet paper</b>	Increasing the minimum sick leave entitlement	<b>Date to be published</b>	21 January 2021

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
13 November 2020	Cabinet paper: Increasing the minimum sick leave entitlement	Office of the Minister for Workplace Relations and Safety
16 November 2020	Cabinet minute: CAB-20-MIN-0474	Cabinet Office

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld pending further Ministerial announcements, and some information has been withheld for the reason of free and frank opinions.

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Minister for Workplace Relations and Safety

Cabinet

## Increasing the minimum sick leave entitlement

### Proposal

- 1 This paper seeks agreement to increase the minimum sick leave entitlement from five days to ten days, and seeks confirmation of my decisions on three matters of detail to enable legislation giving effect to this policy to be drafted.

### Relation to government priorities

- 2 Increasing the minimum sick leave entitlement to ten days is signalled as a priority in the Labour Party 2020 election manifesto. This policy emerged from the COVID-19 pandemic response which highlighted:
  - longstanding concerns about the adequacy of New Zealand's minimum sick leave entitlement, and
  - the need to foster a long-term culture of encouraging employees to stay home when sick.

### Executive Summary

- 3 New Zealand's minimum employment entitlement of five days' sick leave per year is low in comparison to other similar countries. For employees who only receive the minimum legal entitlement (and particularly for those with care responsibilities), the entitlement can be rapidly exhausted when illness strikes. As a result, employees can face a choice between going to work while sick for financial reasons, and taking unpaid leave.
- 4 The COVID-19 pandemic has raised public awareness of the value – for workers, businesses, and communities – of people staying away from work when they are sick. Our minimum employment standards are intended to enshrine broadly agreed societal expectations about work and just treatment. The minimum sick leave entitlement no longer reflects those societal expectations.
- 5 During the 2020 election campaign, the Labour Party stated that, if elected, legislation to extend the minimum sick leave entitlement (from five days to ten days per year) would be passed as a high priority. The Government subsequently indicated that legislation will be introduced by the end of 2020, followed by a full Select Committee process. The Select Committee process will provide an opportunity to build consensus and work through some of the more nuanced issues around the implementation of the policy. This reflects a balance between ensuring the increase in entitlement occurs quickly due to the benefits it can provide when dealing with pandemics like COVID-19 and

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ensuring the introduction of the policy is smooth with minimal disruption for employers and employees.

6 To meet this timeframe, a simple policy and drafting approach is required for the introduction version of the Bill. Accordingly, I have issued drafting instructions to the Parliamentary Counsel Office (PCO) based on the minimal changes necessary to give effect to a ten day sick leave entitlement. Instructing PCO required me to make decisions on three matters of detail, and I seek Cabinet's confirmation of those decisions to be reflected in the introduction version of the Bill:

- Up to 15 days of unused sick leave entitlement can be carried over in any given year (as per the status quo), up to a maximum current sick leave entitlement of 25 days (rather than 20 days in the current legislation).
- Transitional provisions should provide that, after commencement of the legislative amendment, an employee would first become entitled to the enhanced (ten days) sick leave entitlement in the year that begins on their next entitlement date.
- The legislation should commence on the date that is two months after the date that the Bill receives Royal assent.

7 I intend to seek Cabinet agreement on 30 November 2020 to introduce legislation increasing sick leave. If a full Select Committee process is followed, enactment could occur around June 2021 at the earliest. Based on preliminary stakeholder feedback, I anticipate that some of the issues that will need to be considered during the Select Committee process are:

- Options to make the year-one impact of the increased sick leave entitlement more immediate and universal for employees (e.g. a more immediate 'boost', rather than the increase being tied to each individual's entitlement date).
- Whether Pending further Ministerial announcements to make some sick leave available from day one in an employment relationship<sup>1</sup> – can be implemented alongside the increase in sick leave entitlement.
- Whether an increased sick leave entitlement should apply regardless of an employee's working pattern, or if some form of pro-rata approach should be permitted for part-time employees.

### Background

#### ***The Holidays Act 2003 sets out employees' minimum entitlement to sick leave***

8 The Holidays Act 2003 (the Act) provides a minimum entitlement of five days' paid sick leave per year for employees, which can be used when an employee

<sup>1</sup> Under the status quo, the entitlement to sick leave arises after an employee has worked for the same employer for six months.

(or their partner or dependant) is sick or injured. The entitlement is the same regardless of the employee's working pattern, so a five day entitlement per year applies regardless of whether the employee works full-time or part-time.

- 9 The entitlement to sick leave arises after an employee has worked for six months with the same employer – either continuously or, over a 6 month period, for an average of at least 10 hours a week, including at least one hour a week or 40 hours a month. The Act also states that employees can carry over up to 15 days of unused sick leave, to a maximum of 20 days' current entitlement in any year.
- 10 As with other minimum employment standards legislation, the sick leave provisions provide a 'bottom line' entitlement. Employers and employees are free to agree on more favourable sick leave arrangements and many workplaces do go above the minimum standard. For example, the vast majority of collective agreements offer significantly more than five days per year, and around 40 per cent of enterprises surveyed in the Business NZ Workplace Wellness Report 2019 reported offering more favourable sick leave provisions. However, the same survey found that 47 per cent of enterprises offered five days of sick leave per year, indicating that a large number of New Zealand workplaces adopt the minimum standard as their default setting.

***Broader reform of the Holidays Act is already underway, but Government decisions to date have not addressed the length of sick leave***

- 11 In May 2018, Cabinet established a Holidays Act Taskforce to review the Holidays Act 2003 and suggest recommendations for change. This review did not focus on the adequacy (or otherwise) of employee entitlements such as sick leave. Rather, the Taskforce focused largely on addressing a lack of clarity and prescription in the methodologies for calculating employee leave, and payment for that leave. The Taskforce's final report was provided to the then Minister for Workplace Relations and Safety in October 2019.

12 Pending further Ministerial announcements



- 14 Other planned work in the Holidays Act (such as the overall recommendations of the Taskforce and the Labour Party manifesto commitment to introduce a

Matariki public holiday) is best progressed separately from the current proposal, and I expect to report back in due course on progress.

***Recent events have highlighted the inadequacy of our minimum sick leave entitlement***

- 15 Employer-funded sick leave was not designed as a mechanism to support workers during extraordinary situations such as pandemics. Targeted policies, and Government funding, have been necessary to respond to the impact of COVID-19 on our workplaces. The COVID-19 Leave Support Scheme, launched in March 2020, remains available to support employers to pay workers who are required to stay home under Ministry of Health COVID-19 guidelines and are unable to work from home.
- 16 However, the COVID-19 pandemic has brought the length of our minimum sick leave entitlement into sharp relief. Government communications have stressed the need for workers to stay home when sick as a precautionary measure, in support of our broader public health response. For those with only five days of sick leave per year, following through on these guidelines could mean that the entitlement is quickly exhausted. As a result, they face a choice between going to work while sick and going on another form of leave, which may include unpaid leave. The minimum entitlement is particularly likely to be inadequate for those with dependants.
- 17 The NZ Council of Trade Unions (NZCTU) has long advocated for a longer minimum sick leave entitlement, and in mid-2020 they launched a petition calling for the entitlement to increase to ten days per year.<sup>2</sup> The petition was signed by over 10,000 people, indicating that there is support for the proposition.

***The Labour manifesto includes a commitment to increase sick leave***

- 18 During the 2020 election campaign, the Labour Party said that, if elected, legislation to extend the minimum sick leave entitlement (from five days to ten days per year) would be passed within the first 100 days of the new Government being formed. The manifesto also stated that the Government will work with businesses and unions on implementation timeframes. I note that the Green Party has also signalled its support for increasing the sick leave entitlement.
- 19 The Government has indicated that legislation to increase the sick leave entitlement will be introduced into the House by the end of 2020, and the Bill will then be referred to a full Select Committee process. The Select Committee process will provide an opportunity to build consensus and work through some of the more nuanced issues around the implementation of this policy.

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<sup>2</sup> The petition also suggested removing the six-month qualification period (i.e. sick leave from day one) and adjusting the legislative settings for when employers may ask for a medical certificate.

**I propose that the Government formally adopt a policy to increase sick leave**

- 20 The Government’s next steps with respect to the policy to increase sick leave have already been clearly signalled. This paper seeks to formalise the recent public statements as a Government decision.
- 21 Legislating to increase the sick leave entitlement will directly benefit employees, by ensuring that they are able to take time off work without financial disadvantage when they or their dependant(s) are unwell. New Zealand’s current entitlement is low compared to other similar jurisdictions (including Australia) and increasing the minimum entitlement will make our settings more consistent with international practice. The increase will have the most impact in sectors where employers typically do not already offer more than the minimum five days sick leave entitlement (e.g. hospitality, retail, manufacturing and construction).
- 22 When employees stay away from work while sick, this reduces the risk of some illnesses spreading to other staff. This has flow-on benefits to other employees and the employer. For example, one recent US study suggested that, by providing paid sick leave (and thereby reducing the spread of illness in workplaces), US employers could have saved \$0.63 to \$1.88 billion per year (2016 dollars) in absenteeism costs related to influenza-like-illnesses between 2007 and 2014.<sup>3</sup>
- 23 Another study examining the implementation of San Francisco’s paid sick leave law in 2007 found no evidence of a negative effect on the economy. Unlike surrounding areas that did not have a paid sick leave law, San Francisco saw an increase in total employment after the implementation of the law. The number of businesses also grew more rapidly in San Francisco than in surrounding areas in the same time period.<sup>4</sup>
- 24 Fostering a long-term culture of employees using sick leave when necessary, rather than ‘soldiering on’ to the potential detriment of themselves and their co-workers, should lead to more engaged and productive workforces. New Zealand businesses are increasingly mindful of the need to discourage ‘presenteeism’ (where employees show up for work but are unable to be as productive due to sickness). Respondents to the 2015 American Working Conditions Survey who reported working while sick estimated that this this reduced their productivity by around 20 per cent on average.<sup>5</sup>
- 25 Likewise, an Australian survey suggested that the healthiest workers (who use sick leave when they need it) are up to twice as productive and are less likely to take time off than the least healthy workers. This is supported by anecdotal evidence from employers that already offer higher levels of sick leave than the statutory minimum. They have reported that their employees

<sup>3</sup> Asfaw, A., Rosa, R., & Pana-Cryan, R. (2017, September). Potential Economic Benefits of Paid Sick Leave in Reducing Absenteeism Related to the Spread of Influenza-Like Illness. *Journal of Occupational and Environmental Medicine*, 59(9), 822-829.

<sup>4</sup> Petro, John. 2010. ‘Paid Sick Leave Does Not Harm Business Growth or Job Growth.’ Drum Major Institution for Public Policy.

<sup>5</sup> Maestas, N., Mullen, K., Rennane, S. Absenteeism and Presenteeism Among American Workers. *Journal of Disability Policy Studies*, June 2020.

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do not take significantly more sick leave, possibly indicating that increased access means that employees are less likely to need sick leave at all, and employers have lower rates of overall absenteeism.

- 26 The upfront cost of employee sick leave is borne by employers. However, as sick leave is a needs based entitlement, costs are only incurred in the event that sick leave is used. Doubling the minimum entitlement does not necessarily double the cost of sick leave for employers. Nonetheless, I am aware that some employers have concerns about funding any additional costs while consumer demand and business confidence remain fragile. The upcoming Select Committee process will provide a forum to work through those concerns, and to determine the best way to implement this policy with the buy-in of employers around New Zealand.
- 27 I am mindful that a simple approach to implementing the sick leave policy, combined with clear and proactive communications, will be important to promote widespread understanding by employers and employees of their rights and obligations. Such understanding will be critical for the successful implementation of increasing the minimum sick leave entitlement.

### **I seek confirmation of my decisions on three matters of detail to enable legislation to be drafted**

- 28 In order to move the legislative process forward this year, I have assumed that Cabinet will need to approve a Bill for introduction by 30 November 2020. This tight deadline means that a simple policy and drafting approach is required. The subsequent Select Committee process can accommodate elaboration on that straightforward approach, and consider changes to the policy if necessary.
- 29 I have already issued drafting instructions to the Parliamentary Counsel Office (PCO) and a Bill is currently being prepared. I have also sought informal feedback on implementation options from Business NZ, the NZ Council of Trade Unions, and public sector payroll experts involved with the All-of-Government Payroll Programme.
- 30 While the outline of the Government policy was clear from the Labour Party's pre-election commitments, it was necessary for me to make decisions on three matters of detail in order to issue drafting instructions. I seek Cabinet confirmation of my decisions on the following issues:
- setting the 'maximum number of days of current sick leave entitlement' that can be held in a calendar year
  - deciding when and how particular employees should become entitled to enhanced sick leave (transitional provisions), and
  - deciding an indicative commencement date for the increased sick leave entitlement.

***Setting the 'maximum number of days of current sick leave entitlement' that can be held in a calendar year***

31 The Act states that employees can carry over up to 15 days' sick leave to a maximum of 20 days' current entitlement in any year. Increasing the yearly minimum sick leave entitlement will necessitate some degree of change to these provisions. This is because the current settings are not compatible with a ten day increase in entitlement each year.

32 I considered two possible options:

**Option A (least change):** Provide that up to 15 days of unused sick leave entitlement can be carried over in any given year (as per the status quo), up to a maximum current sick leave entitlement of 25 days (rather than 20 days in the current legislation).

**Option B (more change):** Allow employees to carry over and 'store' significantly more unused sick leave entitlement (e.g. double the carry over limit to 30 days and the maximum current entitlement to 40 days).

33 Based on informal consultation, Business NZ has indicated a preference for the least change option. Free and frank opinions

Government payroll experts did not raise any significant concerns with either option, and noted that, unlike annual leave, sick leave is not carried as an accounting liability. However, allowing more generous accumulation of sick leave may increase contingent liabilities because there would be a higher possible cost for employers if an employee needed to use their accumulated sick leave.

34 At this stage, I consider that a 'least change' approach appears to be most consistent with the core stated objectives of increasing sick leave. I have instructed PCO to reflect this option in the introduction version of the Bill.

***Deciding when and how particular employees should become entitled to enhanced sick leave (transitional provisions)***

35 The simplest way of implementing the new 10 day entitlement is to modify the status quo entitlement approach (i.e. from the commencement date of the legislative amendment, when an employee next becomes entitled to sick leave, their entitlement would increase by ten days rather than five).

36 However, this approach would not provide an immediate sick leave boost for all employees. Some employees would benefit soon after commencement, but others whose entitlement date fell just prior to the law changing would not receive any benefit for close to 12 months. This would have implications for employees in terms of perceptions of fairness.

37 Both Business NZ and NZCTU have suggested potential options for making the year-one impact of increasing sick leave more immediate and universal.



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However, options such as progressively implementing an enhanced entitlement (e.g. over a number of months), or applying a new entitlement on a day that is not an employee's entitlement date, would require consideration of how the new entitlement relates to individual employees' existing sick leave entitlements. Multiple scenarios would need to be worked through to avoid unintended consequences. These more complex options would require additional time to design and draft which would make introduction in 2020 unlikely.

- 38 I have instructed PCO to take the simplest possible approach for the introduction version of the Bill. More nuanced implementation options can be considered through the Select Committee process.
- 39 I note, however, that some businesses in New Zealand report difficulties managing the complexities of employment legislation. 'Keeping it simple' could be a way of mitigating risks associated with implementation (e.g. the ability to configure payroll systems appropriately). The Act also explicitly allows for employees and employers to agree for sick leave to be taken in advance of their entitlement arising. This means that any communications about the law change can reiterate the possibility for sick leave to be used with their employer's agreement, even if the employee may not be technically entitled to the leave until a future date.

### ***Deciding an indicative commencement date for the increased sick leave entitlement***

- 40 In light of the Government's signalling that the Bill, once introduced, will be referred to a full Select Committee process, nominating a specific date of commencement is not possible.
- 41 As a placeholder, I have instructed PCO to draft the Bill to state that it will come into force two months after the Bill receives Royal assent. This is consistent with Business NZ feedback and would signal an intention to allow sufficient time for businesses and payroll systems to prepare to implement the change.
- 42 In informal consultation to date, Government payroll experts have stressed that even a relatively simple change (such as increasing the minimum sick leave entitlement) will take time and planning to ensure correct implementation in payroll systems. The Select Committee process will provide an opportunity to seek feedback on the length of 'lead in' time that is required.

### **Issues that could be considered during the Select Committee process**

- 43 In initial discussions with stakeholders, both the NZCTU and Business NZ have suggested possible approaches for increasing sick leave that could make the implementation of this policy more equitable and/or responsive to the current pandemic. For example, options could be explored for providing an immediate (or phased) increase in sick leave for all employees, regardless of individuals' entitlement dates.

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- 44 Retail NZ has suggested that an increased (ten day) sick leave entitlement should not apply equally to full-time and part-time employees. Rather, they have suggested that sick leave entitlements should be proportionate to an employee's working pattern (i.e. part-time employees' sick leave entitlement should reflect the number of days they typically work).
- 45 I agree that a range of options (including those mentioned above) deserve detailed consideration, and the Select Committee process will provide an appropriate venue for this to occur.

### Financial Implications

- 46 The costs of increasing the minimum sick leave entitlement will be borne, in the first instance, by the employers who need to provide additional paid sick leave to their employees. This will increase the cost of labour for some employers. Approximately half of all employers provide five sick days per year, so they will need to increase what they provide to meet the new minimum standard.
- 47 MBIE has estimated a gross marginal cost increase of approximately \$958 million<sup>6</sup> per year across New Zealand – equivalent to around 0.9 per cent of the country's total wage bill. This calculation does not take into account the benefits that may be achieved by improved productivity resulting from reduced spread of illness in workplaces. The costs and benefits of the policy will be felt mostly by employers who currently provide between five and 10 days of sick leave. Employers in the hospitality, retail, manufacturing and construction industries are more likely to only provide the minimum entitlement, so are most likely to be impacted. Small employers may be more affected if they are less able to absorb the impact of increased use of sick leave, although a 2018 survey of employers found that employees at smaller firms take less sick leave on average.
- 48 Some employers currently provide ten or more days of sick leave per year (including those that provide unlimited sick leave). These employers would not be required to increase their entitlements, and there is unlikely to be behavioural change by their employees to take any more leave as a result of a higher minimum entitlement. However, some employers may choose to increase sick leave entitlements to maintain relativity and offer competitive employment conditions. Those potential flow-on impacts have not been quantified.
- 49 There may be some costs to employers to transition or update their payroll system to account for the changes, but this is likely to be relatively minor.
- 50 The public service employs approximately 16 per cent of New Zealand's workforce. However, increasing minimum sick leave entitlements is expected to only have only a minor fiscal impact for Government. This is because the

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<sup>6</sup> This figure is based on an increase from 4.7 to 7 average sick days per employee, per year. Low (\$542 million; 6 days) and high (\$1.3 billion; 8 days) estimates were also calculated. Calculations used Average Weekly Earnings and Full-Time Equivalent Employees figures taken from the Quarterly Employment Survey.

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vast majority of collective agreements in the public service already have at least 10 days sick leave per year. Out of 50 agreements, only four have less than 10 (three have nine days and one has five days), and these agreements affect approximately 3,000 FTEs.

- 51 There are some parts of the wider public service (for example in the health and education systems) where employees are not directly employed by Government (for instance in NGOs or contracted to provide services). It is likely that a number of these employees are currently only entitled to the minimum of five days of sick leave. The proposed increase could therefore create cost pressures for some parts of these systems. It has not been possible to assess the exact extent of this in the short timeframes but this will be able to be further explored during the Select Committee process.
- 52 Employment New Zealand (part of MBIE), as the primary regulator for the employment relations and standards regulatory system, would be responsible for administering, providing information and education, early resolution and mediation services and enforcing the new arrangements. There will be one-off costs to update resources, tools and websites. Low-level activities can be funded within baselines, although given the heightened demand for employment services in the current COVID-19 context, this will add to the need to prioritise use of MBIE's services and displace other activities.

### Legislative Implications

- 53 I have issued drafting instructions to PCO and a Bill to amend the Holidays Act 2003 to increase the sick leave entitlement is currently being developed. I plan to seek approval to introduce this Bill at the Cabinet meeting on 30 November 2020. The Bill could then be introduced during the week beginning 30 November 2020.
- 54 If a full Select Committee process is completed, enactment would occur around June 2021 at the earliest.

### Impact Analysis

#### Regulatory Impact Statement

- 55 MBIE's Regulatory Impact Analysis Review Panel has reviewed the attached Impact Statement prepared by MBIE. The Panel considers that the information and analysis summarised in the Impact Statement partially meets the criteria necessary for Ministers to make informed decisions on the proposals in this paper.
- 56 The MBIE Review Panel commented:

*The Impact Statement has been produced under tight time constraints which has led to limitations in the policy process, in particular:*

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- *A lack of consultation with affected stakeholders, particularly small businesses and businesses in the sectors that are likely to be most affected by the change.*
- *A limited range of options has been considered, particularly alternative sick leave duration periods and funding approaches (as adopted by other countries).*

*This means there is a risk that not all of the impacts of the proposed option have been identified and/or there were alternative options that could have resulted in better economic and social outcomes.*

- 57 Nonetheless, the Impact Analysis completed by MBIE identifies the proposed approach of increasing sick leave to 10 days as being the preferred option compared to doing nothing or taking an education and communications approach, when assessed against a common set of criteria (cost, simplicity, certainty and coverage, and effectiveness).

### **Climate Implications of Policy Assessment**

- 58 The Ministry for the Environment has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

### **Population Implications**

- 59 Increasing the minimum sick leave entitlement is expected to be particularly beneficial for workers who have greater need to use sick leave, including people with caring responsibilities (such responsibilities are borne disproportionately by women) and people with compromised immune systems or other health concerns.
- 60 The benefits of increasing the minimum entitlement will be felt most directly by workers in sectors where five days' sick leave is prevalent (hospitality, retail, manufacturing and construction). These are sectors where young people, women (sectors other than construction), and Māori and Pasifika are over-represented.

### **Human Rights**

- 61 No inconsistencies with the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993 have been identified.

### **Consultation**

- 62 The Treasury and the Department of Prime Minister and Cabinet have been informed about this proposal.
- 63 Informal feedback has been provided by Business NZ, the NZ Council of Trade Unions, and public sector payroll experts involved with the All-of-Government Payroll Programme. Retail NZ has written to the Government

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expressing its views on implementation of the sick leave policy. Further stakeholder consultation will be conducted through the Select Committee process.

### Communications

- 64 I intend that the announcement on next steps for implementing the policy to increase sick leave will be made when the proposed Bill is introduced (during the week beginning on 30 November 2020).
- 65 The Holidays Act is a complex piece of legislation, and many employers, employees and payroll practitioners have significant difficulty in interpreting and complying with its requirements. There is a risk that any amendments to the Act, even when implemented in the simplest way possible, will increase the risk of non-compliance or unintended interactions that make compliance more difficult.
- 66 Clear communication of the changes to minimum entitlements for sick leave will be critical to manage this risk. Communications will need to be designed against the context of a complex set of legislative requirements on leave, and this offers an opportunity to raise awareness and understanding of leave rights and obligations amongst employers and employees, particularly those in sectors and occupations most likely to be impacted by the increased entitlement.

### Proactive Release



- 67 I intend to proactively release this Cabinet paper on MBIE's website, subject to any appropriate withholding of information that would be justified under the Official Information Act 1982.

### Recommendations

The Minister for Workplace Relations and Safety recommends that Cabinet:

- 1 **Note** that the Government response to the COVID-19 pandemic has highlighted that our minimum sick leave entitlement is low compared to similar jurisdictions, and five days of sick leave per year is not sufficient in the context of workplace expectations that people should stay home whenever sick
- 2 **Note** the Government has signalled that it will introduce legislation to increase the minimum sick leave entitlement from five days to ten days before the end of 2020, followed by a full Select Committee process
- 3 **Agree** to increase the minimum sick leave entitlement from five days to ten days per year
- 4 **Note** that in order to meet the timeframe for introducing the legislation:
  - 4.1 a simple policy and drafting approach is required for the introduction version of the Bill, and further consideration of nuanced implementation options can occur during the Select Committee process

**I N C O N F I D E N C E**

- 4.2 the Minister for Workplace Relations and Safety has issued drafting instructions to the Parliamentary Counsel Office (PCO) which reflect the approach outlined in recommendation 4.1
  
- 5 **Confirm** the responsible Minister's decisions on three matters of detail, to be reflected in the introduction version of a Bill to increase sick leave:
  - 5.1 Up to 15 days of unused sick leave entitlement can be carried over in any given year (as per the status quo), up to a maximum current sick leave entitlement of 25 days (rather than 20 days in the current legislation)
  - 5.2 Transitional provisions should provide that, after commencement of the legislative amendment, an employee would first become entitled to the enhanced (ten days) sick leave entitlement in the year that begins on their next entitlement date
  - 5.3 The legislation should commence on the date that is two months after the date that the Bill receives Royal assent
  
- 6 **Note** that the responsible Minister intends to seek Cabinet agreement to introduce a Bill to increase sick leave at the Cabinet meeting on 30 November 2020, and the legislation could be introduced in the week beginning on 30 November 2020
  
- 7 **Note** that Business NZ and the NZ Council of Trade Unions have suggested alternative options for the transitional and commencement decisions (in recommendations 5.1 and 5.2), and these options could be considered by the Select Committee
  
- 8 **Note** that broader reform of the Holidays Act 2003 is underway, Pending further Ministerial announcements  
  


Authorised for lodgement

Hon Michael Wood

Minister for Workplace Relations and Safety