



# EMPLOYER NEWS 2021

PERRIAM &amp; PARTNERS

ISSUE 26

JULY 2021

## SICK LEAVE CHANGES TO TAKE EFFECT

**The Holidays (Increasing Sick Leave) Amendment Act 2021 has received its Royal Assent, having passed its final reading in Parliament last week.**



The Act will come into force on 24 July 2021, amending the provisions of the Holidays Act 2003.

The Act increases the sick days available to employees from 5 days to 10. It also reduces the amount of unused sick leave that can be carried over each year, down from 15 days to 10. The maximum amount of sick leave an employee can hold unused will remain at 20 days.

Under the Holidays Act, employees become entitled to sick leave after six months continuous employment. This is their sick leave 'anniversary date'. Employees are then entitled to sick leave in each subsequent 12-month period of employment, beginning at their anniversary date.

So, for example, take an employee who has been employed since 20 January 2021. They become entitled to sick leave on 20 July 2021. They will be entitled to only 5 days, because the new law won't yet be in force. On their next sick leave anniversary, 20 July 2022, the employee will receive 10 days sick leave.

On the other hand, take an employee who has been employed since 20 June 2021. Because they will have been employed for less than six months when the Act comes into force (on 24 July 2021), their entitlement to 10 days sick leave will occur on 20 December 2021 (that employee's six-month anniversary).

These changes were spurred by the COVID-19 pandemic, but are the result of a longer-running debate about the adequacy of New Zealand's sick leave provisions. The change will bring New Zealand in line with many other OECD nations.

Employers should ensure that they are prepared for when this change comes into force, by reviewing existing policies, systems and agreements in relation to sick leave. Employers should ensure that their documentation is compliant with upcoming changes. If employers already offer enhanced sick leave over and above the Holidays Act, employers should now consider whether the sick leave they offer should remain at the new level under the Holidays Act, or whether it should be increased above this new Holidays Act level.

Source: [duncancotterill.com](http://duncancotterill.com)

## NOW IS THE IDEAL TIME TO CHECK YOUR EMPLOYMENT AGREEMENTS

(On behalf of Employment New Zealand)

Following the recent minimum wage increase, now is the ideal time for you to ensure your business's employment agreements (contracts) are up to date.

You can use this as an opportunity to ensure you are meeting your legal obligations and build stronger staff relationships. Also, consider potential impacts of the minimum wage increase on internal wage relativity, external benchmarking and staff current and future pay expectations.

By law every employee must have a current written employment contract. It must state the wage rate or salary payable, which must be equal or more than the relevant minimum wage. With any changes of wages, the employer must send a contract variation letter advising of the new wage. Negotiated and used fairly such contracts can be a great foundation for win/win, productive employment relationships with your staff.

Employment New Zealand's Employment Agreement Builder tool can help you easily create new contracts. It covers what you must do by law, and also sets out common mistakes and how to avoid them. The tool notes three types of clauses: "Mandatory", "Recommended" and "Optional". We estimate it has been used for 950,000 contracts since it was launched five years ago.

On April 1, the adult minimum wage increased from \$18.90 to \$20.00 gross per hour, and the starting-out and training minimum wage increased from \$15.12 to \$16.00 gross per hour.



Source: Inland Revenue Business Tax Update, Issue 119

## MORE BEREAVEMENT LEAVE COMING

Parliament have passed a bill to extend bereavement leave to miscarriages and stillbirths.

Labour MP Ginny Anderson has successfully got her Bill through meaning employers will have to fund another 3 days paid leave per instance of the above for both the mother and partner. Further, even if you aren't the biological parents you are still eligible. If you were planning to have a child through surrogacy or adoption then you also have this entitlement.

No proof of pregnancy, miscarriage or stillbirth is required by law.

New Zealand is one of the first countries globally to enact this, which should occur within the next few days.

Source: [www.employers.co.nz](http://www.employers.co.nz)

### IN THIS ISSUE

- SICK LEAVE CHANGES TO TAKE EFFECT
- NOW IS THE IDEAL TIME TO CHECK YOUR EMPLOYMENT AGREEMENTS
- MORE BEREAVEMENT LEAVE COMING
- TOP 5 EMPLOYEE BENEFITS AND PERKS
- IMPROVEMENTS TO THE HOLIDAYS ACT
- INTERNATIONAL TRAVEL BUBBLES, YOUR BUSINESS AND EMPLOYEES

## CONTACT US

Perriam & Partners  
Unit 4, 35 Sir William Pickering Drive  
PO Box 20 222  
Christchurch 8543

Tel: 03 358 3108  
Fax: 03 358 3120  
Email: [reception@perriams.co.nz](mailto:reception@perriams.co.nz)  
Visit us on the web: [www.perriams.co.nz](http://www.perriams.co.nz)



**EMPLOYEE BENEFITS**

Just as 2021 is different for employers, so too is it for employees. Some have found the changes unsettling, while many have got used to working from home, more flexible schedules, and balancing working and personal life.

We thought it would be a good time to revisit the best benefits and perks that you can offer your star workers as part of their employment package. Attractive benefits demonstrate that people and their wellbeing matter, and that the company wants to see them succeed. This in turn helps improve performance, employee retention, and company morale. The business will also be more attractive to other highly-skilled workers. So what are the 5 best benefits and perks to offer your people in 2021?

This was and still is #1, despite the economic conditions. A pre-COVID study by workforce management company, PERSOLKELLY, found that salary increases and performance bonuses were considered the most effective benefits offered by large Kiwi businesses for attracting and retaining employees. Of course, not every company will be in a financial position to offer a pay raise or bonus to their best workers right now. But the conversation should still be on the table. You might need to be creative and look at things like incentive plans that pay in shares in the company. This not only provides a great chance for employees to share in the company's success, it also gives them a lasting reason to help build it.

Prior to the emergence of COVID-19, maintaining a balance between working life and other personal activities was a priority to most workers and the pandemic has only reinforced this. People have got used to working from home and juggling work and personal responsibilities. Remote work is now very much a norm for many, and that change is here to stay. Smart employers realise that every employee's idea of what work-life balance means is different, and that certain measures work better for some roles more than others, so it pays to provide a range of options to choose from. It may be flexibility in working hours and location, part-time contracts, or the ability for workers to scale their hours up or down when they become parents, get older, or want to further their studies.

Putting some extra effort into employee wellbeing is a really important consideration in 2021, as many people have been unsettled by the changes caused by the pandemic (and having to adapt to them). Everyone wants to know that their employer takes their health & safety seriously, whether they are working on site or remotely. COVID-19 vaccinations will be free for everyone in NZ, so look at ways to support your workers getting vaccinated and think how you can look after the physical and mental health of remote-workers. This includes being straight with your people about the company's situation, its plans and goals. They will have a good sense of the state the business is in anyway, and will understand if you can't afford some of the benefits you previously could.

In our modern working lives, people need to be able to develop their skills and career, and employees increasingly expect the company they work for to provide an environment that encourages learning and progression. By working with your team members on development plans, you will provide a clear path for them to grow with the company. Remember to offer this to everyone in the company, not just managers and star performers. Offering various options works best, as it will enable your employees to select the things that inspire them. For some it may be gaining formal qualifications. For others it may be attending workshops or hearing from inspirational speakers.

Beyond the paid leave that all permanent workers are legally entitled to, many companies now give their staff more than the minimum and also provide other leave options. Giving extra days of paid leave for staying with the company for a predetermined period improves employee retention. Offering longer periods of paid or unpaid parental leave encourages parents to return to the company. Giving people time off to recharge or pursue volunteer work shows you support them, their values, and the wider community.

This is a broad category and could cover anything from discounted health insurance, travel, or gym memberships to providing free food and espresso coffee.

- Health and wellness programmes, including personal health checks, flu shots, and nutrition and work-life balance seminars.
- Retirement and savings planning.
- Social perks, such as organised events and outings, regular lunches, and Friday drinks.

## IMPROVEMENTS TO THE HOLIDAYS ACT

The Government has accepted the Holidays Act Taskforce's recommendations to make the Holidays Act clearer and provide more certainty for employers and employees.

The Government established the Taskforce to help address challenges with the Holidays Act, following a joint request from Business NZ and the Council of Trade Unions.

The Taskforce made 22 recommendations which were jointly agreed to by union and business representatives. The recommendations will improve the current Act by providing a clear and transparent set of rules for providing entitlements to, and payments for, holidays and leave.

The Taskforce's changes will address the high degree of ambiguity that has made the Holidays Act difficult to understand and implement for employers. Employees will find it easier to understand their entitlements and will also benefit from some changes to leave entitlements.



### THE CHANGES WILL INTRODUCE MORE TRANSPARENCY AND CLARITY:

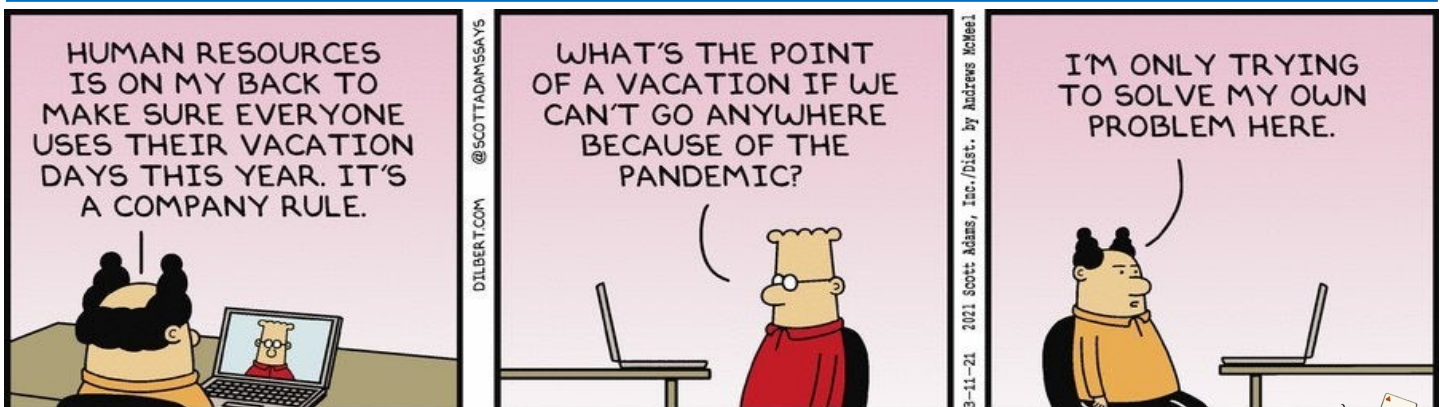
- There will be new clear and transparent rules and definitions for determining, calculating and paying leave entitlements so that employers can have greater confidence that they are meeting their obligations under the Act and their employees are receiving their correct entitlements.
- The greater clarity around calculating and paying leave will support employees to better understand what their entitlements are.
- Employers and employees will benefit from greater transparency, with payslips required for each pay period, detailing used and remaining leave entitlements and how these are calculated.

### THE CHANGES WILL INCREASE ACCESS TO SOME LEAVE ENTITLEMENTS:

- From their first day of employment eligible employees will be entitled to bereavement leave and family violence leave, and will begin accruing sick leave.
- Bereavement leave will be expanded so that employees can access three days leave for more family members, including cultural family groups and more modern family structures.
- The parental leave override will be removed, meaning that employees returning from parental leave will be paid at their full rate for all their annual holidays.

The Holidays Act is highly complex, and affects all employees and employers across the country. We have begun further detailed policy design work to implement these changes. The Government expects to have introduced legislation by early 2022, which will go through the full parliamentary process. Businesses and employers will be given plenty of time and guidance to prepare for these changes.

Source: [mbie.govt.nz](https://mbie.govt.nz)



## CONTACT US

Perriam & Partners  
Unit 4, 35 Sir William Pickering Drive  
PO Box 20 222  
Christchurch 8543

Tel: 03 358 3108  
Fax: 03 358 3120  
Email: [reception@perriams.co.nz](mailto:reception@perriams.co.nz)  
Visit us on the web: [www.perriams.co.nz](http://www.perriams.co.nz)



**INTERNATIONAL TRAVEL BUBBLES, YOUR BUSINESS AND EMPLOYEES**

New Zealanders can now travel to the Cook Islands without having to enter a managed isolation facility on arrival or return to NZ.

**CAN I SEND MY EMPLOYEES TO AUSTRALIA OR THE COOK ISLANDS ON BUSINESS?**

Yes you can, but you'll be responsible for their health & safety, as well as any costs associated with the trip (including costs caused by the trip becoming longer than expected due to COVID-19). Make sure your employee is happy to travel and doesn't feel pressured. If possible, provide them with enough personal protective equipment (face masks etc) to last the trip.

As it is a business trip, you have an obligation to pay:

- Expenses incurred for business-related purposes, like meals and accommodation.
- Costs if they have to go into managed isolation when they return.
- Their normal pay if they become stuck overseas and can't work remotely.
- Other types of leave if they get COVID-19 during the trip and run out of sick leave.

**CAN I ASK MY EMPLOYEES IF THEY ARE PLANNING ON GOING TO AUSTRALIA OR THE COOK ISLANDS?**

Yes. Normally, employees aren't legally required to tell you what they plan to do during their annual leave (the law recognises that employees have a right to privacy and to not have the reason they're asking for leave prejudice the granting of leave). However, having an employee travelling to Australia or the Cooks represents some risk to the business, because of the potential for the person to be away from work longer than intended due to a COVID-19 outbreak and changes to border regulations. This means that it's reasonable for you to ask employees whether they plan to travel to either of these places, and reasonable for them to tell you whether they are or aren't.

**CAN I REFUSE A LEAVE REQUEST IF I KNOW ONE OF MY EMPLOYEES WANTS TO TRAVEL TO AUSTRALIA OR THE COOK ISLANDS?**

Probably not. Now that the travel bubbles are open, requests for leave so a person can travel to Australia or the Cooks are legally no different to leave requests for an employee to travel somewhere in NZ.

If you wanted to decline someone's request for leave to travel to Australia or Rarotonga, you would need to demonstrate that you're a high-risk workplace where employees are in close contact with other people, or that you're a workplace that cares for vulnerable people. As usual, you can decline a request for leave if it doesn't suit the needs of the business or if the employee doesn't have enough annual leave entitlement available.

If you're worried about business continuity and the potential for an employee to get caught in a COVID-19 lockdown or have to isolate on return to NZ, you can limit the amount of leave that you approve in any given period.

**CAN I PUT A CONTINGENCY PLAN IN PLACE IF ONE OF MY EMPLOYEES IS TRAVELLING TO AUSTRALIA OR THE COOK ISLANDS?**

Yes. We currently have limited information about the effects a potential COVID outbreak and lockdown may have on the travel bubbles, so it's a wise move to have a plan to manage the risk of your employee(s) getting stuck or going into managed isolation on return to NZ. Keep any policies broad and general, so your team knows the business intends to closely monitor and manage the situation, and to support people as far as practicable if the worst occurred and they had to stay overseas or quarantine on return.

**SHOULD I TALK TO MY EMPLOYEES ABOUT TRAVELLING TO AUSTRALIA OR THE COOK ISLANDS?**

Yes, you should discuss potential worst case scenarios and contingency plans with employees. Talk about what the employee might do if there were changes to quarantine-free travel and they had to take extended time away from work or perform their role (or some of it) remotely.

These are the sorts of things you should discuss:

- Whether the person is able (and willing) to work remotely if they are unable to return to work as intended.
- Whether they have the resources to do so (devices, equipment, internet connection etc).
- The hours and schedule they might work.
- How any period of absence or hours not worked will be treated, i.e. paid leave or leave without pay.

**WHAT SHOULD I PAY EMPLOYEES IF THEY ARE UNABLE TO RETURN TO WORK AS PLANNED?**

If the employee can work remotely, pay them as usual. If they can do some but not all their work, pay them for the work they can do and agree on an alternative arrangement for them for the rest of their time. This might be:

- alternative duties that they can do remotely.
- a period of unpaid or paid leave.
- a period of annual leave.

If they can't do any remote work, discuss how a period of extended absence will be treated, as either paid or unpaid leave. You'll need to consider how long you can reasonably keep the employee's job open for them and how long it may take for them to return to work. If the period of absence extends unreasonably, you must consult with the person about their ongoing employment.