



PSA Submission

Holidays (Increasing Sick Leave) Amendment Bill

January 2021

About the PSA

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 77,000 members. We are a democratic organisation representing members in the public service, the wider state sector (the district health boards, crown research institutes and other crown entities), state owned enterprises, local government, tertiary education institutions and non-governmental organisations working in the health, social services and community sectors.

The PSA has been advocating for strong, innovative and effective public and community services since our establishment in 1913. People join the PSA to negotiate their terms of employment collectively, to have a voice within their workplace and to have an independent public voice on the quality of public and community services and how they're delivered.

The PSA is affiliated to Te Kauae Kaimahi the New Zealand Council of Trade Unions, Public Services International and UniGlobal.

Our values

Solidarity - Kotahitanga

We champion members' interests with a strong effective voice. We stand together, supporting and empowering members, individually and collectively.

Social justice - Pāpori Ture Tika

We take a stand for decent treatment and justice. We embrace diversity and challenge inequality.

Integrity and respect - Te Pono me te Whakaute

Our actions are characterised by professionalism, integrity and respect.

Solution focused - Otinga Arotahi

We are a progressive and constructive union, constantly seeking solutions that improve members' working lives.

Democratic - Tā te Nuinga e Whakatau ai

We encourage participation from members. We aim to be transparent, accessible and inclusive in the way we work.

Summary

The PSA strongly supports the purpose of the bill but believes that some adjustments are needed to reflect:

- The opportunity for full recovery is not only an *expectation* but also a societal and public health related *need*.
- Sufficient sick leave (for oneself and dependents) is an important step towards achieving gender equality.
- A break with echoing and re-enforcing the attitude to man-up or soldier-on especially for men in paid employment (through a limited number of sick leave entitlements), which contributes to creating more health problems rather than less.
- A strengthening of the system through at least maintaining the carry-over of sick leave of 25 days from day 1 of employment in the event of an outbreak -such as COVID-19- now and in the future.
- Assurance from government that the gap in protecting certain groups of workers (e.g. self-employed workers) will be addressed through instruments such as Fair Pay Agreements (FPAs) or other instruments ensuring minimum protections for contractors.
- Research undertaken in Australia, which has shown that increased sick leave has led to productivity gains for some businesses.
- Sick leave is not abused when entitlements are increased (as shown by employees who are on collective agreements with a minimum of 10 days sick leave).

Introduction

In the light of the global pandemic the importance of enough sick leave has become obvious – for the individual worker and their families but also for the workplace and the wider communities, people and organisations are embedded in. When minimum employment standards undermine public health concerns (such as during times of a global COVID-19 pandemic) and hinder protection of New Zealanders at large it is time to improve minimum standards for workers.

Paid sick leave plays a crucial means of social protection especially in times of crises. When workers are concerned about potential restructuring, downsizing, dismissal or discrimination when reporting sick, they are often forced to decide between caring for their health or losing jobs and income. A worker cannot be expected to choose between worsening health and risking falling into financial strain or poverty affecting themselves and/or their family. During the onset of and lockdown due to COVID-19 in New Zealand in March 2020, the PSA witnessed these fears and concerns among its members working to deliver essential public and community services to people across the country.

The government has now introduced this Bill to Parliament to expand sick leave entitlements from five days to ten days a year. The main purpose of the Bill is:

to increase the availability of employer-funded sick leave for employees. The Bill aims to better enable New Zealand employees to access sick leave when they are sick or injured, or when their spouse or partner or someone who depends on them for care is sick or injured. This will ensure that New Zealand's minimum employment entitlements continue to reflect broadly agreed societal expectations about work and just treatment.

The current maximum entitlement of any unused sick leave at 20 days annually remains untouched by reducing the number of sick leave days to be carried over into the following year from 15 to 10 days.

The PSA's position

The PSA strongly supports the purpose of the bill but believes that the proposed bill should be adjusted to genuinely 'reflect broadly agreed societal expectations about work and just treatment.'

If people are sick, they should have the entitlement to fully recover without worrying about their income before returning to work. If people's children or other dependents are sick, they should be entitled to care for them until they have fully recovered. Providing the opportunity for full recovery is not only an *expectation* but also a societal and public health related *need*. The PSA's membership is made up of more than 70% women. Consequently, gender related discrimination in pay and other employment standards is of great importance to us.

One of our members shared the following:

My husband and I used to both have 10 sick days a year, so we would alternate taking time off work when a child was ill. A contract change has reduced my husband's sick leave to 5 days, which means the bulk of the care of a sick child has fallen to me, which has had impacts upon my productivity and how I am viewed as a team member. I cannot wait to for my husband to have 10 days again, so the workload can be shared again.

This comment highlights the importance of sick leave (for oneself and dependents) for making a step towards **gender equality**. The ability to look after oneself and dependents on part with one's partner is enables the sharing of unpaid care responsibilities more evenly. It also can go much deeper in transforming societal norms. A pre-dominant attitude in NZ is to man up or soldier on especially when it comes to paid work commitments. A 5- or 10-day limit to sick leave reflects and re-enforces this attitude. It sets expectations more strongly felt by men due to gender stereotypes and role expectations. These in turn contribute to creating mental health and addiction problems rather than to recovery and sustainable wellbeing.

Consequently, the PSA encourages the Committee to recommend changes to the Bill to even further increase both the amount of sick leave provided for and the number of days that can be carried over.

In addition to supporting a statutory increase of sick leave from 5 days to only 10 days, the bill proposes at the same time a **reduction of carry over sick leave**. The Bill states that employees will only be able to continue to build 20 days of sick leave entitlement. Currently the law states that an

employee can hold 15 days of sick leave, meaning that they should be able to have 25 days sick leave banked (with an increased number of sick leave to 10 days). Limiting the number of carry over essentially reduces workers' entitlements to sick leave on a longer-term basis.

The pandemic has highlighted the potential to need longer periods off work, for example for self-isolation, quarantine or the treatment of COVID-19 itself. Reducing the carry-over of sick leave makes the system more vulnerable in the event of an outbreak now and in the future. Related to current and potential pandemics it is crucial for workers to be able to access **sick leave entitlements from day 1** of their employment. As it currently stands casual workers and workers on fixed terms under 6 months have no entitlement to leave. Again, providing the opportunity to fully recover from day 1 of employment is a societal and public health related *need*.

The PSA believes that carry over should at least be maintained (15 days) *and* reflect the increase to 10 days which allows the worker to carry over 25 days and entitlements need to be accessible from day 1 of employment.

Structural changes in the world of work and its impacts for workers' rights at work – in particular those regarding the employment relationship such as increases in precarious work, casual workers, people on short-term or seasonal employment contracts as well as contractors - are not considered in the bill or the regulatory impact statement. **Safe and secure work for all workers** remains a distant goal for many. Similar to underemployment due to part time work, many people choose short-term work or contracting over the possibility of finding no work at all. This means they would be punished twice by not enjoying secure and sustainable work as well as work which limits their sick leave and other employment entitlements. This gap in **protections for all workers** can be dealt with by Fair Pay Agreement legislation and reforms to ensuring minimum protections for contractors.

The PSA supports these reforms and seeks assurance from government that the gap in protecting certain groups of workers will be addressed through at least the above mechanisms.

Additional arguments for improved sick leave provisions

At present, New Zealand workers have statutory entitlement to **comparatively less paid sick leave** than their counterparts in most other OECD countries: this includes workers in Australia where workers already enjoy 10 days sick leave as well as most countries of Europe. For instance, workers in Germany have access to 100% of their salary or wages for an initial period of six weeks (or 30 days). If the same illness or another illness occurs during the same year, workers have access to the six week period again if six months have passed since the end of the illness (or one year has passed

after the beginning of the first sick leave) or automatically if the illness is of a different nature. If a worker is still ill after six weeks, workers are entitled to insurance sickness benefits which amount to 70% of the person's normal pay with a maximum period of 78 weeks (or 390 days).

[Research](#) has shown that in Australia, increased sick leave has led to **productivity gains** for some businesses. The research highlights that healthy employees are nearly three times more productive than unhealthy employees. In addition, unhealthy employees take up to 9 times more sick leave than their healthy colleagues.

According to the latest data of Te Kawa Mataaho Public Service Commission, public service employees took, on average, 7.6 days of sick and domestic leave in the year to the end of June 2020. This is a further decrease from 7.8 days in 2019. This measure has been **trending down** since 2016, when it was 8.6 days. These statistics show that most employees who enjoy 10 days sick leave as per their collective agreement across the public service are not tempted to misuse their sick leave entitlements. However, people who are sick for longer and struggle to access adequate income during their recovery period are hidden in this statistic. A survey undertaken by [Business NZ and Southern Cross](#) shows that an average of 4.7 days of sick leave was taken by employees in 2019. This might indicate that employees who are only entitled to 5 days sick leave **suppress taking sick leave** reflected in presenteeism (see [study](#) analysing the prevalence of and factors that influence presenteeism in the New Zealand medical workforce in addition to a potential lack of sick leave provisions), or the use of annual leave or unpaid leave instead.

Thank you for considering our submission.

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