

Encouraging wellness

Making extended sick leave work for retail and hospitality.

Issues

Getting sick is a fact of life, and New Zealanders are fortunate to work in a country where every employee current gets five paid days a year to recover if they are unwell, or to look after a sick family member.

The five day entitlement applies to all employees with more than six months' service with an employer - no matter how many hours a person works each week. An employee who works just one day a week (and there are many in retail) gets as much sick leave as someone who works full-time. Sick leave is estimated to cost retail and hospitality employers around \$367 million each year.

Most employers are flexible and reasonable in cases of genuine sickness. While most employees use their sick leave responsibly, a minority treat sick leave entitlements as extra holidays.

Data from Retail NZ members suggests that, on average, the fewer days an employee is contracted to work, the greater the proportion of sick leave taken.

The Government plans to extend sick leave to 10 days each year. If this proposal extends to all employees, both part-time and full-time, it will:

- expose retail and hospitality employers to significant extra potential costs, which are unsustainable as businesses recover from COVID-19;
- discourage employers from creating part-time roles, thereby placing extra stress on full-time staff; and
- make it harder for those juggling study, child-care or creative endeavours to find part-time jobs.

Solutions

We recommend that sick leave should be accrued, and entitlements pro-rated, just like annual leave. An employee who works full-time should receive 10 days sick leave, but an employee who works only one day a week should receive a proportional entitlement.

An alternative to increasing sick leave entitlements could be to allow a greater number of days to be accumulated. This would help reward long-service and mean that employees were incentivised to use sick leave only in genuine cases. It would also allow employees to have better support in the event that they became seriously ill.

Retail  NZ