

Employment Law update

August 2014

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- **Paid Parental Leave**
- **Minimum Wage**
- **Health and Safety Regulations**
- **Employment Relations Amendment Bill**

Paid parental leave entitlements

Following the Budget 2014 the Government is set to increase the maximum parental leave payment for eligible parents. Amongst other changes the length of leave eligible parents will be able to take is set to increase in two stages.

To be eligible for parental leave a parent must have worked for the same employer for an average of 10 hours per week, and at least one hour in every week in the 6 or 12 months immediately before the child's birth. Alternatively, they must have worked 40 hours in every month in the 6 or 12 months prior to birth.

If an employee meets the 6 or 12 month criteria then paid parental leave is for 14 weeks. The maximum amount that can currently be claimed is \$488.17 per week before tax. The maximum rate is reviewed every year to account for an increase in average weekly earnings.

Changes to the scheme

From 1 July 2014 parents can expect an increase in the maximum weekly payments from \$488.17 to \$504.10.

The other major change is a staggered increase in the length of leave entitlements. From 1 April 2015 the length of paid leave will increase from 14 to 16 weeks. From 1 April 2016 the length of paid leave will increase another two weeks to 18 weeks.

There are other small changes to entitlements. For example, from 1 April 2016 a greater variety of workers will be eligible to apply for paid parental leave. This will include people who have recently changed jobs, seasonal workers, casual workers and workers with more than one employer. Criterion to qualify will presumably remain the same.

Minimum wage change

Since 26 June 2014 the period of time an employer can assess minimum wage entitlements now includes a two week calculation. This is a response to a recent Court ruling, which provided that a week is the longest period the hours of salaried workers can be assessed to comply with the Minimum Wage Act.

The result of the decision was that whereas a salaried employee might work 30 hours in one week and 50 hours the next, and be paid 80 hours for the fortnight, following the ruling, 90 hours would need to be paid at the minimum wage rate. This is because the first week must be paid at a minimum of 40 hours and the second week for every hour over 40.

The Government was concerned that the ruling had the effect of causing increased costs for employers and risked an increase in casual employment arrangements to defeat the ruling, and resulting uncertainty for employees. It therefore has amended the Minimum Wage Act to remove this burden.

Feedback on health and safety regulations

The government is in the process of overhauling the New Zealand Health and Safety system with the introduction of the Health and Safety Reform Bill. It has sought feedback on the *Developing regulations to support the new Health and Safety at Work Act* discussion paper. Submissions closed on Friday 18 July 2014.

Employment Relations Act Amendment Bill shelved

The long-awaited changes to the Employment Relations Act have been shelved. These changes were to see a number of changes to the legislation, particularly in relation to collective bargaining. However the Government has announced that following the resignation of John Banks it will not be pursuing these changes, as it would not have the majority needed to pass the Bill.

It's not clear when (if) the amendment Bill will be resurrected.

If you would like more information regarding the above, or have any questions, please contact us.

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