



COVERSHEET

Minister	Hon Michael Wood	Portfolio	Workplace Relations and Safety
Title of Cabinet paper	Government Response to the Report of the Holidays Act Taskforce	Date to be published	23 February 2021

List of documents that have been proactively released

Date	Title	Author
March 2020	Cabinet Paper: Government Response to the Report of the Holidays Act Taskforce	Office of the Minister for Workplace Relations and Safety
March 2020	Cabinet paper Annex One: Summary of Government response to Holidays Act Taskforce recommendations	MBIE
October 2019	Cabinet paper Annex 2: Holidays Act Taskforce final report (note this documents will also be published separately on the MBIE website when your announcement is made)	Holidays Act Taskforce
March 2020	Regulatory Impact Statement – Improving the Holidays Act 2003	MBIE
11 March 2020	DEV-20-MIN-0035: Government Response to the Report of the Holidays Act Taskforce	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 due to the free and frank expression of opinion.



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Government Response to the Report of the Holidays Act Taskforce

Portfolio **Workplace Relations and Safety**

On 11 March 2020, the Cabinet Economic Development Committee (DEV):

Holidays Act Taskforce

- 1 **noted** that on 23 May 2018, DEV agreed to establish a Taskforce to review the Holidays Act 2003 and suggest recommendations for change [DEV-18-MIN-0098];
- 2 **noted** that the Holidays Act Taskforce submitted its report to the Minister for Workplace Relations and Safety in October 2019 and has proposed an improved status quo, which retains the existing units of entitlement (weeks for annual holidays, days for other types of leave) and focuses on addressing known issues with the Act by providing greater certainty;
- 3 **agreed** to endorse in full the Holidays Act Taskforce's recommendations, as set out in pages 28 to 47 of the Taskforce's report (attached as Annex Two to the paper under DEV-20-SUB-0035), as the basis for a substantially amended Holidays Act (noting also the summary of recommendations and the proposed government response at Annex One);
- 4 **agreed** to refine the Holidays Act Taskforce's recommendations on two issues where the recommendations were incomplete, by specifying that:
 - 4.1 the reference period for the 'short-run' average weekly earnings calculation used for calculating annual holiday payments be 13 weeks;
 - 4.2 any commission or incentive payments where it is unclear over what period of time the payments were 'earned' only be included in the 52 week average payment calculation;
- 5 **noted** that some of the Holidays Act Taskforce's recommendations are likely to receive negative feedback, but that this risk can be partly mitigated by a communications strategy that focuses on the improvements that the Taskforce's recommendations will provide;

Legislative implications

- 6 **noted** that a category 5 priority on the 2020 Legislation Programme is being sought for a Holidays Amendment Bill (drafting instructions to be issued to the Parliamentary Counsel Office in 2020);
- 7 **invited** the Minister for Workplace Relations and Safety to issue drafting instructions to Parliamentary Counsel Office to give effect to the above policy proposals;

- 8 **authorised** the Minister for Workplace Relations and Safety to make decisions, consistent with the Holidays Act Taskforce's recommendations, on any issues that arise during the detailed policy design and drafting process;
- 9 **noted** that the authorisation sought under paragraph 8 above includes the authority to make decisions on updated compliance and enforcement mechanisms to support the new Holidays Act regime (such as the functions and powers of labour inspectors), provided these do not deviate significantly from mechanisms in current employment legislation;
- 10 **noted** that the Holidays Act 2003 binds the Crown as will any amendments to that Act;

Publicity and next steps

- 11 **noted** that the Minister for Workplace Relations and Safety intends to publicly release the Holidays Act Taskforce Report (Annex 2), alongside a statement signalling the government's decision to adopt the Taskforce's recommendations in full;
- 12 **directed** the Ministry of Business, Innovation and Employment, in consultation with the Government Chief Digital Officer and relevant stakeholders as appropriate, to develop a transition plan and report back to Cabinet by the end of 2020.

Janine Harvey
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Phil Twyford
Hon Dr Megan Woods (Chair)
Hon Chris Hipkins
Hon David Parker
Hon Nanaia Mahuta
Hon Iain Lees-Galloway
Hon Damien O'Connor
Hon Willie Jackson
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister for Workplace Relations and Safety