



## Holidays Act 2003

The Holidays Act is under review by the Department of Labour - and it's no wonder! It's complicated, difficult to understand, hard to implement correctly, next to impossible to explain to staff, and most employers do not comply!

The "new" Holidays Act took effect on 1 April 2004, yet most employer's (according to a recent survey of over 600 employers) are blithely unaware of the requirements of the Act and the effects on accrual methods and how to pay leave correctly.

As you're probably well aware, SmoothPay encourages compliance by

displaying warnings when settings don't comply with the Act.

A good proportion of the calls we get at the HelpDesk are related to the Holidays Act, and of course the correct payment to staff for the recent Labour Day.

In this edition of Smoothpay news we've appended a handy **Leave Entitlements for Employees** guide that you might like to give your staff (and again when they have questions about leave accruals, leave balances and payment for leave taken).

If you are still using non-compliant methods you might just find a Labour Inspector reminding you of your obligations - so, again we encourage you towards compliance in the interests of fairness to your staff and to mitigate penalties that might apply if you're underpaying your staff.

Weeks and RDP are probably here to

stay - weeks are the basis of annual leave accruals in Australia as well as NZ, so they're not likely to be discarded as the only correct and fair method of accrual any time soon. RDP is uniquely Kiwi, and whilst there are lots of rules to consider they're all fairly simple to understand - see our guide at the end of this newsletter.

We agree, the Holidays Act is difficult to understand and use correctly. There are many grey areas and it's often difficult to be confident that you're doing things correctly and to respond with certainty to questions from staff.

We've taken the initiative and presented two submissions to the Department of Labour.

The first, perhaps mistakenly, tries to tidy up many of the loose ends in the Act and make it much more reasonable to deal with and easier to understand. However, the Act is still nightmarish and we believe should be replaced - so we made another submission...

*We say: Repeal the Holidays Act and make employees responsible for their own leave - employers should only pay for productive time*

The second submission suggests the Holidays Act be repealed, and replaced with a "Leave Allowances Act" where the employer no longer carries any ongoing liability for leave, but rather pays the employee a Leave Loading of 14% to cover any and all leave entitlements. The employee then takes responsibility for taking their own leave, at their own expense - the 14% is equivalent to 4 weeks annual leave, 5 days sick leave and 11 public holidays, and completely relieves the employer from making any complex calculations or

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## Don't forget 90% goes on admin cost

carrying a huge leave liability with complex valuation formulas. Effectively, employers end up paying staff for productive time only.

### Payroll Giving

The Government has passed legislation that allows employees to receive an instant tax rebate of up to 33% for donations given to a registered charity - collected by you and transaction fees paid by you.

The employer must file electronically (the old paper forms don't have room for the additional information).

The rebate is limited to the amount of tax deducted from the employee's income, meaning the employee may not receive full rebate entitlement.

There's no reputable source of charity bank account details or deposit

*Feel like paying for the privilege of becoming a charity collector?*

requirements, and therefore the whole scheme is a potential fraudster's goldmine.

At this point in time we haven't made plans to implement Payroll Giving into SmoothPay and we think you'll understand why. We're not opposed to the principle, but we are worried about the implications for poor implementation, fraud and the amounts that charities actually give to those they collect for - it's a sensitive issue, however we're always open to your feedback, so let us know if you think we should include support for this scheme. If we get overwhelming demand for it then we'll implement it for you.

### Internet backup

Many of you use our free internet backup to good effect - your data is safe in

case something happens in your business (we've successfully recovered data for many businesses due to hardware failure).

However, many of you experience issues with using this option - generally due to the amazing number of hurdles placed in the way by your computer and it's operating software, and the path to our hosting provider - so here's a quick list of the path your data has to navigate to actually reach our internet server:

- 🔍 your computer's anti-virus, anti-spyware and/or Windows firewall - this is the primary point of failure, as user's tend to click No when asked to allow internet access, and it's usually difficult to undo that response
- 🔍 your computer's network connection and authentication (username etc)
- 🔍 your network gateway server and it's internet access rules, or in smaller offices your internet router's gateway and firewall rules
- 🔍 your company's internet connection (the wire connecting you to the internet, or your provider's broadband router housed in a roadside cabinet)
- 🔍 your internet provider's gateways and servers, and their connection to the internet
- 🔍 our website hosting provider, and their connection to the internet

So, you can see there are many potential obstacles, any of which can fatally affect internet backup, email delivery and web access. If you are having difficulties, check with your IT specialist to make sure internet traffic is not being blocked, and if all else fails please give us a call and we'll try to identify and resolve the issue for you.

## Newsbites:

### Payroll Giving

The government have passed legislation permitting employees to receive an instant tax benefit for deductions collected from payroll. This becomes effective in January 2010, and applies only to employers who file electronically.

### Our staff are "certified"

Gina has passed her NZPPA Certificate in Payroll Practice, one of the first in NZ to do so. Congratulations Gina.

### Standard Business Reporting

SBR is becoming a hot topic! It provides for seamless communication of business data to government agencies, bypassing the cumbersome website portals, tax forms, statistical data collection etc. that plague businesses. Australian businesses will benefit from SBR from June 2010. NZ businesses will be able to file GST electronically (eGST) via SBR early 2010, and hopefully we'll have irFiling via SBR around November 2010. SmoothPay is right behind this endeavour, as it'll save so much time for businesses and result in far greater accuracy.

### SB tax code

A new Secondary Income tax code with a rate of 12.5% is to be implemented next year for earners below \$14000. More as details come to hand.

### IRD turning off printed/posted IR345

IRD are planning turning off production of IR345 forms for electronic filers. Now, if they could only turn off all the other indecipherable paper they send too...

## All's well that ends well

We're very proactive in our customer support, offering online, one-on-one training and unbeatable service, all included in your annual subscription.

So, if you have any questions, call and we'll get you sorted pronto.



**Helpdesk: (06) 3536462**

## This document is a guide for employers using SmoothPay payroll in compliance with the Holidays Act

**1. Annual leave accrues in weeks**  
The Act provides 2 dimensions for annual leave - time and money. The time dimension, 4 weeks, accrues at the end of each year of service. The value dimension accrues each pay at a rate of 8% on liable earnings until the employee's anniversary, at which time the 4 weeks accrues and takes on "weekly" value plus 8% (as it is now an entitlement).

**2. Sick leave accrues in days**  
Sick leave accruals begin with 5 days after six months of service and then a further 5 days after each year of service from that date. Accrual may be limited to 20 days.

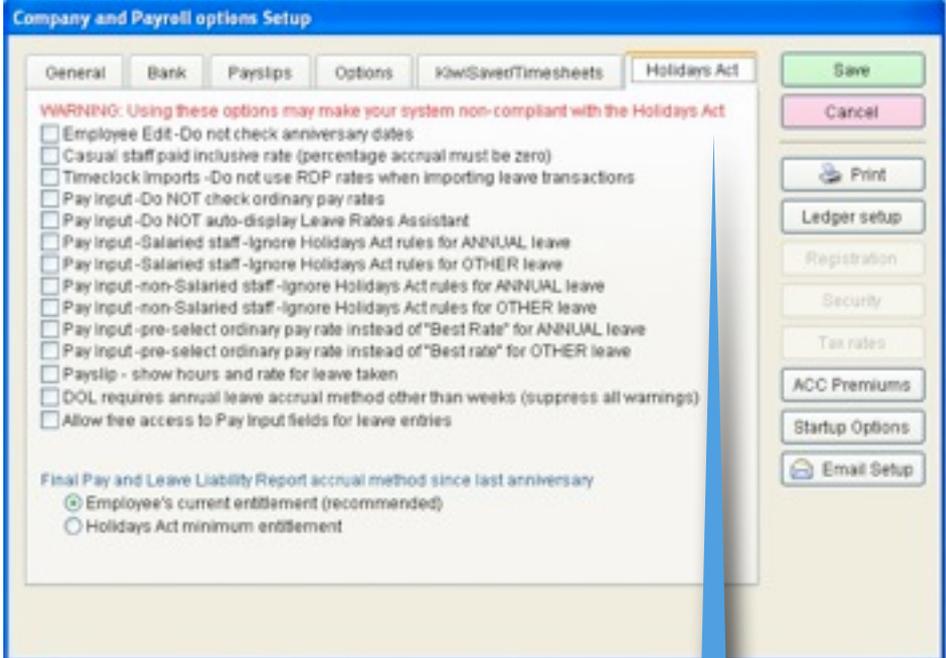
**3. Work on a Public Holiday**  
Must be paid at penal (time+half) rates for the time worked. If the employee normally works that day then they are entitled to accrue a whole day of alternative leave.

**4. Payment for leave taken**  
Annual leave must be paid out at best weekly value. Sick, Public, Alternative etc. are all subject to Relevant Daily Pay (RDP) rules, meaning that each day must be paid at best daily value.

### For more information

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**Company and Payroll options Setup**

General Bank Payslips Options **KiwiSaver/Timesheets** **Holidays Act**

Save Cancel Print Ledger setup Registration Security Tax rates ACC Premiums Startup Options Email Setup

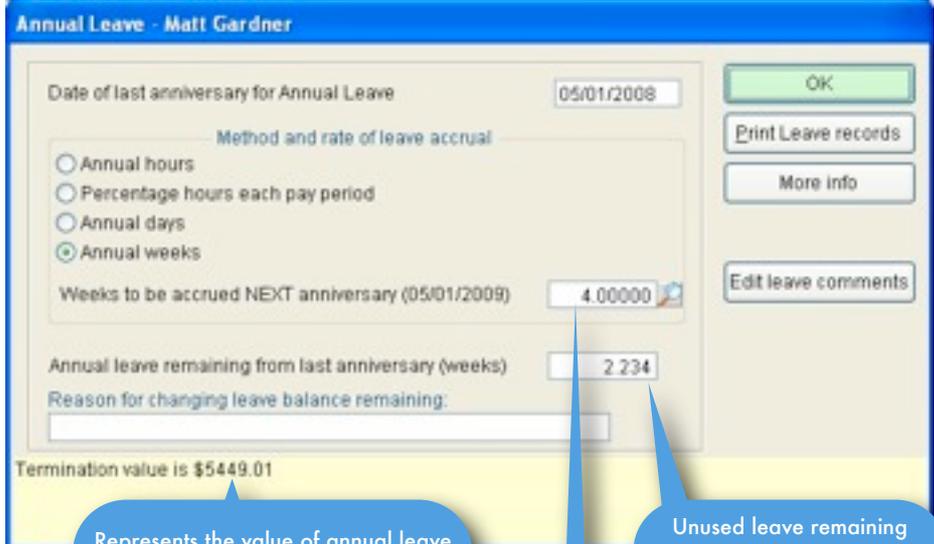
**WARNING: Using these options may make your system non-compliant with the Holidays Act**

- Employee Edit - Do not check anniversary dates
- Casual staff paid inclusive rate (percentage accrual must be zero)
- Timeclock imports - Do not use RDP rates when importing leave transactions
- Pay input - Do NOT check ordinary pay rates
- Pay input - Do NOT auto-display Leave Rates Assistant
- Pay input - Salaried staff - ignore Holidays Act rules for ANNUAL leave
- Pay input - Salaried staff - ignore Holidays Act rules for OTHER leave
- Pay input - non-Salaried staff - ignore Holidays Act rules for ANNUAL leave
- Pay input - non-Salaried staff - ignore Holidays Act rules for OTHER leave
- Pay input - pre-select ordinary pay rate instead of "Best Rate" for ANNUAL leave
- Pay input - pre-select ordinary pay rate instead of "Best rate" for OTHER leave
- Payslip - show hours and rate for leave taken
- DOL requires annual leave accrual method other than weeks (suppress all warnings)
- Allow free access to Pay Input fields for leave entries

Final Pay and Leave Liability Report accrual method since last anniversary

- Employee's current entitlement (recommended)
- Holidays Act minimum entitlement

Company Setup allows you to control Holidays Act interpretations - however using these options is likely to mean you are not compliant with the Act



**Annual Leave - Matt Gardner**

Date of last anniversary for Annual Leave: 05/01/2008

Method and rate of leave accrual

- Annual hours
- Percentage hours each pay period
- Annual days
- Annual weeks

Weeks to be accrued NEXT anniversary (05/01/2009): 4.00000

Annual leave remaining from last anniversary (weeks): 2.234

Reason for changing leave balance remaining:

Termination value is \$5449.01

OK Print Leave records More info Edit leave comments

Represents the value of annual leave if the employee left right now

Unused leave remaining from employee's last anniversary

Permanent employees are entitled to 4 weeks annual leave - this is the only compliant method of annual leave accrual. SmoothPay provides non-compliant accrual methods, as sites moving from an old payroll are probably non-compliant and it makes balancing easier - and some sites insist on doing things the old way because it's familiar.

**Sick Leave - Matt Gardner**

Date of last sick leave anniversary: 05/07/2008

Method of entitlement: Annual days (recommended)

Annual entitlement (in days): 5.000000

Maximum sick leave accumulation (days): 20.000

Sick leave remaining (days): 4.000

Reason for changing leave balance remaining:

This section allows you to set how often leave is granted, and the units (hours, days or %) to be granted.  
 Annual entitlements are normally 5 days, with a maximum accumulation of 20 days  
 Sick leave normally accrues after 6 months service then annually.

Buttons: OK, Print Leave records, Edit leave comments

Sick Leave setup

Unused leave remaining from employee's last sick leave anniversary

Sick leave accruals begin with 5 days after six months of service and then a further 5 days after each year of service from that date. Accrual may be limited to 20 days.

**Time Entry for Matt Gardner**

Time type	Hours	Rate	Value
Ordinary	8.00	19.750000	158.00
Ordinary	8.00	19.750000	158.00
Ordinary	8.00	19.750000	158.00
Ordinary	8.00	19.750000	158.00
Overtime/Penal	4.50	19.750000	133.31

Buttons: Add entry, Delete entry, Timesheet, OK

Choose INSERT button to add a new Time Input line.

Select the line you wish to edit then make your changes here

Time Input Edit

Time type: Overtime/Penal

Hours: 4.50, Overtime multiplier: 1.50, Date: 27/09/2008, Rate: 19.750000, Value: 133.31

Lieu days for work on Public Holiday: 1.00

Comment:

Account: 1234 Admin wages

Buttons: Assistant, Unlock

Working on a Public Holiday

If the employee normally works on that day, then a whole alternative day must be accrued - it is not sufficient to accrue just the hours worked as time in lieu

Work on a public holiday must be paid as Overtime/Penal at time+half rates

Time Entry for Matt Gardner

Time type	Hours	Rate	Value
Ordinary	8.00	19.750000	158.00
Ordinary	8.00	19.750000	158.00
Ordinary	8.00	19.750000	158.00
Ordinary	8.00	19.750000	158.00
Public			178.58

Time Input Edit

Time type: Public Holiday

Stat days: 1.00

Date: 27/09/2008

Value: 178.58

Comment:

Account: 1234 Admin wages

Buttons: Add entry, Delete entry, Timesheet, OK, Unlock

Text: Choose INSERT button to add a new Time Input line.

Text: Select the line then make your changes here

Public Holiday leave (time off work)

Use the Assistant to display a selection of appropriate daily values - it is normally displayed automatically when paying leave

Unlocking the entries so you can change them is likely to lead to under/over payments

If the employee normally works the day of a Public Holiday but takes the day off, then payment must be recorded as Public Holiday and payment made at the best daily value, comparing:

- 1) what they would have earned had they been at work - *must include any potential overtime, productivity allowances etc.*
- 2) Their average for that day over the last 4 weeks - *which means to comply with the Act all pay input entries need to be dated*
- 3) An agreed daily value - *rare, but available*
- 4) or failing any of the above then the employee's average daily earnings

Public Holiday Leave: Relevant Pay Rate Assistant - Matt Gardner (5 days/wk)

Enter Days: 1.00

I know EXACTLY what the employee would have earned \$ 133.31

or, select applicable pay rate \$Per Day

<input type="radio"/> 1. Ordinary DAILY pay rate	157.41
<input checked="" type="radio"/> 2. Average ordinary DAILY rate (last 4 weeks)	178.58
<input type="radio"/> 3. Agreed special rate of relevant DAILY pay	0.00
<input type="radio"/> 4. Rate entered	0.00
<input type="radio"/> Sunday (4)	504.03
<input type="radio"/> Monday (1)	187.63
<input type="radio"/> Tuesday (1)	158.00
<input type="radio"/> Wednesday (2)	180.22
<input type="radio"/> Thursday (4)	93.81
<input type="radio"/> Friday (3)	158.00
<input type="radio"/> Saturday (0)	0.00

Show calcs

The recommended option, or your preferred default, is already marked when you enter this screen. The Holidays Act generally provides for payment using the best Relevant Daily Pay, unless you know exactly what the employee would have earned on each day off (including potential overtime, allowances etc)

Buttons: OK, Print

Relevant Daily Pay assistant - applies to Public, Sick leave etc

Note the contracted days per week - this can be set in the employee's contract settings, and affects average values 1 and 2

If you're capturing timesheet entries per day, then daily average values and the number of times each day was worked in the last 4 weeks will be displayed for reference

In all cases you are the sole arbiter of the employee's best daily value

SmoothPay defaults to the highest daily value from items 1-4

Annual Leave (Holiday)

Use the Assistant to display a selection of appropriate weekly values - it is normally displayed automatically when paying leave

Unlocking the entries so you can change them is likely to lead to under/over payments

Annual leave must be paid at the best weekly value, comparing:

- 1) Current contract value per week
- 2) Average weekly value over the last 52 weeks
- 3) An agreed weekly value - rare, but available
- 4) or failing any of the above then the employee's average weekly earnings over the last 4 weeks

Annual Leave Assistant

Note the contracted days per week - this can be set in the employee's contract settings, and affects proportional calculations

Use the Pay \$value button to pay out the estimated value of annual leave remaining - handy for annual closedown, and avoids over-exposure to advance leave payments that may not be recoverable should the employee not return

Days or hours can be entered here, and will be transformed into an appropriate proportion of a week, and thus the correct proportional value as part of a week.

## A list of other things to be aware of:

<p>Accruing annual leave in days/hours seems much simpler - can I do it that way?</p>	<p>Yes, in fact the Act permits this as long as it is agreed between the parties that the result is equivalent to 4 weeks annual leave. However, you'll need to make an adjustment every anniversary and whenever the employee's contract changes to compensate for fluctuations in hours or days as a proportion of the employees current weekly contract value or best weekly value - which makes these methods difficult to administer. You will also need to ensure the value paid out is at least equivalent to the amount that would have been produced using compliant methods.</p>
<p>My employee wants to have their annual leave paid out, but will continue working</p>	<p>Sorry, but that's illegal - the purpose of the Act is to ensure employees get time off work. If you agree to pay your employee their leave, without ensuring they take time off, then you are still liable for that leave and may be subject to a fine. The only exception is when an employee is terminated.</p>
<p>How should I set up casual employees?</p>	<p>Casual employees receive their termination pay every pay day (8% of liable earnings). When you add the employee, set them as casual and their annual leave will automatically be set to 8% per pay, and their sick leave will be set to zero.</p>
<p>I want to pay my casual staff a pay rate that includes their annual leave entitlement</p>	<p>Company Setup..Holidays Act provides an option to pay inclusive rates to casual staff (this is an exception to the non-compliance advisory, and is quite common). Once that is set you can change the employee's Annual Leave percentage rate to zero. The calculated annual leave content will be printed on their payslip. You must ensure that the rate used is at least equivalent to the minimum hourly rate for the employee plus 8%</p>
<p>Can my casual staff accrue sick leave?</p>	<p>Yes they can - though it's unusual to do so and it might be worth considering their status - perhaps they should be transferred to a permanent position, even if it's only part-time. Simply set their accrual and maximum in their Sick Leave setup.</p>
<p>Should we insist on leave application forms?</p>	<p>Yes you should. It's much easier to establish that leave was actually applied for and approved (or not) if you have a written or electronic request - avoid the arguments that inevitably arise in the future. A suitable leave application form (template or copy it) is available on our website.</p>
<p>We have a company anniversary date - do we need to do anything special?</p>	<p>We recommend that you always use the employee's natural anniversary date instead of an artificial company anniversary date. It's easier to remember for the employee, you know when they reach certain long service leave entitlement (if you have any at all), and it really doesn't matter - when your company closes down, simply Pay \$value (or any number of weeks leave the employee has applied for and you have approved). It all comes out in the wash.</p>
<p>How do I pay an employee for working on a Public Holiday?</p>	<p>The employee must be paid at penal rates (time + half) for the time worked - even if they're on salary (and may end up earning less than if they'd stayed home). If the employee normally works that day, then they're also entitled to a whole alternative day of leave, to be taken at their discretion, or paid out after 12 months by agreement.</p> <p>Do NOT use Public Holiday as the time category for working on a Public Holiday - it's for time off only.</p>
<p>I have more questions...</p>	<p>Please, call the help desk - we're only too happy to help.</p> <p>Note that we can assist you to with how to use SmoothPay to the best advantage and efficiency. As to whether an employee should be paid for a day, or how much, you really have to use your judgement or clarify the situation with the Labour Department - they oversee interpretation of the Holidays Act.</p>

This guide is for staff and explains your minimum leave entitlements in compliance with the Holidays Act, regardless of the payroll system used

**1. Annual leave accrues in weeks**  
The Act provides 2 dimensions for annual leave - time and money. The time dimension, 4 weeks, accrues at the end of each year of service. The value dimension accrues each pay at a rate of 8% on liable earnings until your anniversary, at which time the 4 weeks accrues and takes on "weekly" value.

**2. Sick leave accrues in days**  
Sick leave accruals begin with 5 days after six months of service and then a further 5 days after each year of service from that date. Accrual may be limited to 20 days.

**3. Work on a Public Holiday**  
Must be paid at penal (time+half) rates for the time worked. If you would normally work that day then you are entitled to accrue a whole day of alternative leave which you can take later, or have paid out after 12 months by agreement.

**4. Payment for leave taken**  
Annual leave must be paid out at best weekly value. Sick, Public, Alternative etc. are all subject to Relevant Daily Pay (RDP) rules, meaning that each day must be paid at best daily value.

## For more information

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I want to know how many hours annual leave I have left

It is important to understand that the Holidays Act does not work that way. In fact it never really did, it's just that people got used to lazy, non-compliant systems doing it that way.

The Holidays Act came into effect in April 2004, and prescribes weeks as the annual leave accrual method - hours and days just do not mean the same thing and would have to be constantly adjusted to get the correct result. It is the \$value that each week is worth that is important (as well as ensuring you get all your annual leave as time off).

The correct question then is "How much annual leave do I have left, and how much is it worth?"

You should get two answers: The leave balance remaining from your last anniversary and it's value, and your termination value which is calculated up to the end of your last pay. Anything else is likely to be misleading as it's probably only an estimate.

Consider the following example:

Jo is employed part-time, working around 20 hours per week, and accrues annual leave at 8% of hours worked (equivalent to 80 hours accrued leave after 12 months, which looks a lot like 4 x 20 hour weeks). After 12 months sterling service, Jo is offered a full-time position at 40-hours per week - effectively doubling Jo's income. If Jo had accrued annual leave in weeks, each week would now be worth the new weekly pay (the equivalent of 160 hours) - frankly, Jo has lost 2 weeks value (80 hours) worth of annual leave - and probably doesn't know it.

The important thing here is that accruing in weeks provides measurable value for time off, and a way of valuing that time in dollar terms - converting the time to hours is a relatively meaningless exercise - if your payroll is set up correctly then your leave balance will be the number of weeks you have left from accruals up to your last anniversary - anything else is simply an estimate, and is likely to be misleading if not completely inaccurate.

So, by asking your payroll person to provide an estimate in hours, you're really asking an impossible to answer question. The answer can be estimated, but you're probably in as good a position to guess what it's worth in terms of hours as anyone else.

In the example above, it's great if my hours or weekly value increases, but what happens if my hours or earnings are reduced?

Glad you asked. Unlike the "instant increase" provided for by a new contract that provides more income, your annual leave weekly value diminishes quite slowly (it takes 52 weeks for the reduced value to take effect completely). If you have unused annual leave, and your contract conditions or hours of work are reduced, then it's probably better for you if you take the remaining leave earlier to get most value from it - although the change in conditions may just be temporary, so you have to consider carefully. You also

don't want to be short of annual leave if your workplace closes down over Christmas, so be careful when deciding what to do.

Consider this: Jo has gone from full-time, 40 hours per week, to part-time, 20 hours per week. If Jo takes 1 week annual leave shortly after the contract changes, the week off is worth around as much as the old weekly earnings - way more than a current week is worth.

How are weeks better than hours or days?

At my last job the payslip showed hours right up to date?

Your previous payroll system was probably non-compliant, and you may well still be owed annual leave - or they were using an estimating process to try to indicate your leave balance - or a Labour Inspector has ordered that the method being used is sufficient to meet the minimum requirements of the Holidays Act (*possible, but very unlikely*), or they made constant adjustments to your leave balance to cater for changing work patterns (*also unlikely*).

Nope! If your employer agrees to this, then he's basically agreeing to give you free money, because you're still entitled to the time off as well as being paid for it - and he may be liable for a significant fine too. The only exceptions are casual staff, who get paid out their termination value each pay day, and when an employee terminates.

Can't I just have my annual leave paid out to me - I'm happy to carry on working?

How much should I be paid for a Public Holiday?

Days off for Public Holidays, Sick leave, Special leave and Alternative leave are all subject to Relevant Daily Pay (RDP) rules specified by the Holidays Act.

If you would normally have worked that day, then you're entitled to be paid "best daily value" (*our term*), comparing:

1. The amount you would be paid had you been at work (*the amount must include any potential overtime, productivity incentives etc and can be difficult to determine unless you have a fixed roster or agreed set hours*), or

2. An agreed daily rate - *rare, but possible*, or

3. failing accurate determination from Option 1 and having no agreed rate, the average per day calculated on your liable gross earnings over the last 4 weeks, divided by the number of whole or part days worked or on paid leave during that period.

Your payroll person must take all these factors into account when paying out a leave day - and different amounts might be perfectly correct for different days off.

Strictly speaking, annual leave only has a correct value at the time it is taken - because it's best weekly value may change every pay period.

When you take annual leave your payroll person compares your currently weekly value with your average over the last 52 weeks (imagine doing that manually every time someone wanted to take a day or week off). If you work really irregular hours, they may also consider your weekly average over the last 4 weeks.

If you apply for 1 day off, and typically work a 5 day week, your day off will be worth 1/5th of a best value week - not what you would have earned for that day, and certainly not 8 hours at your normal pay rate! It wouldn't be fair on your employer to only take annual leave on "high-value" days - it is fair to be paid based on weekly value.

If you work a 4 day week, then your day off will be worth 1/4 of a best value week.

Taking 1 hour of annual leave is hardly what the Holidays Act designers had in mind for a restful period of absence from work, however it's important that you understand that the 1 hour will be interpreted as a proportion of a best value week - and may bear no resemblance to an ordinary hour at all.

Again, your payroll person needs to consider all these variables and arrive at the result that provides you with the best outcome.

How is annual leave valued?

### How is my termination value calculated?

If you were casual, then you've already been paid out your annual leave - it must be shown clearly on your payslips. What!? No payslips? You're entitled to annual leave calculated as follows:

If you're not casual (or your employer doesn't make available payslips that showed your annual leave paid each period) then your termination payment is calculated as follows:

1. Any current pay entitlement and any unused alternative leave days, plus
2. The "best weekly value" of any leave remaining unused from your previous anniversary (otherwise zero), plus
3. Add on 8% of all liable earnings since your last anniversary (including items 1 and 2 above)
4. Less any annual leave taken in advance at cost value (where item 2 is negative)

If the period of unused leave in item 2 added to your leaving date would extend over any public holidays that would usually be working days, then you're entitled to payment for those public holidays as well.

If the final pay would be equivalent to more than one pay period, then the tax should be adjusted to suit the appropriate number of pay periods the payment covers, otherwise the tax may be far too high.

### How much should I be paid if I work on a public holiday?

Everyone who works on a public holiday is entitled to be paid at penal rates (time+half) for the time worked - even if you're on salary (and you may end up earning less than if you had stayed home).

If you would normally have worked that day, then you're also entitled to a whole day off as alternative leave - you can elect to take that on any suitable day, or cash it in by agreement after 12 months. It is not appropriate to accrue alternative leave as hours for hours worked - the Act specifies one day alternative leave for any work on a public holiday - even if it's only half an hour.

### I'm casual - does any of this apply to me?

Yes, and No.

Your annual leave (termination) payment occurs each time you are paid, and it is usually added on at 8% but in some cases may be paid as part of an inclusive hourly rate (in which case it must be at least the minimum hourly rate plus 8%).

You may or may not be entitled to sick leave - your employer can decide to allow sick leave, though that's unusual, or if you work 20 or more hours per week for at least six months then you may also be entitled to accrue sick leave.

If the nature of your engagement (even though it might be classified casual) would normally require your presence on any day that would have provided work if it wasn't a public holiday, then you \*may\* be entitled to payment for that day (a case in point is viticulture and orchard picking operations where the crop is ready, so the employee would normally have been required to work - true, but tough on the employer.

If you work on a public holiday then yes, you're entitled to be paid penal rates for your work.

### They didn't make the rules easy did they?

You're right, which is why we have prepared this guide to help you understand some of the issues surrounding correct accrual and payment of leave entitlements.

There are many more issues of course, but in the end it comes down to some basic understanding of the process involved.

So, if you have questions you should start by asking your payroll person - if they get it right, they deserve a medal.

If you don't get a satisfactory answer (they may not be fully aware of the Holidays Act requirements, and their payroll may not provide much help either, especially if it's not set up correctly or doesn't provide proper "best value week" calculations etc), contact the Labour Department to verify your understanding. They're there to help both you and your employer make the right decisions.

We hope you find this guide useful, and welcome any feedback.

Labour Department hotline: 0800 20 90 20  
or visit their website for useful guides: [www.dol.govt.nz](http://www.dol.govt.nz)