EMPLOYMENT

FACT SHEET

Annual leave calculations

How is holiday pay calculated?

Annual leave is normally paid at whichever rate is the higher: ordinary weekly pay or your average weekly earnings.

Payment for annual leave is based on either ordinary weekly pay as at the beginning of the holidays or average weekly earnings for up to 12 months before the end of the last pay period before the annual holiday. The holiday pay must be for the agreed amount of annual holiday entitlement to be taken.

How is ordinary weekly pay calculated?

Ordinary weekly pay is calculated as the amount of pay you get for an ordinary working week.

Ordinary weekly pay includes:

> regular productivity or incentive based payments, for example, regular allowances or regular penal rates such as weekend rates;
> payments for overtime if those payments are a regular part of the employee's pay including usual rostered and unrostered overtime;
> the cash value of any board or lodgings provided by the employer to the employee.

Ordinary weekly pay does not include:

> productivity or incentive-based payments that are not a regular part of the employee's pay;
> payments for overtime that are not a regular part of the employee's pay;
> one-off or exceptional payments;
> discretionary payments;
> employer contribution to an employee's superannuation scheme.

If it is not possible to calculate ordinary weekly pay then it can be substituted for an average of an employee's last 4 weeks' pay using the formula:

$$\frac{a - b}{4}$$

a = your gross earnings for the 4 weeks before the end of the last pay period, or if pay period is longer than 4 weeks gross earnings over such longer period
b = the following types of payment:

> productivity or incentive-based payments that are not a regular part of the employee's pay;
> payments for overtime that are not a regular part of the employee's pay;
> any one-off or exceptional payments;
> any discretionary payments;
> employer contribution to an employee's superannuation scheme.

What happens to payment for annual leave when I return from parental leave?

If you are entitled to annual leave during:

> a period of parental leave;

> a period of preference in obtaining employment;

> the period of 12 months commencing with the date on which you return to work after a period of parental leave or a period of preference in obtaining employment;

then payment for annual leave will always be paid as an average of your weekly earnings for the 12 months before the leave is taken, even if this is less than your ordinary weekly pay.

For example when you apply for annual leave and in the previous 12 months you have had 6 months of parental leave, then 6 months back at work, your annual leave may only be worth half what it is normally. You can maximise the value of your annual leave by using up annual leave before you go on parental leave, and not taking annual leave within 12 months of returning from parental leave.

Casual staff

Casual staff are entitled to receive a percentage loading on their hourly rate for annual leave. This is normally 8% where annual leave entitlements are four weeks per annum. They are not entitled to paid annual leave. For more information about casual employment, please see the *Casual Employment* factsheet.

Where can I find out more?

> NZNO Member support centre 0800 28 38 48

> Speak to the NZNO delegate on your ward

> Speak to someone in the payroll office at your workplace

Information in this document is sourced from:

The Holidays Act 2003
Parental Leave and Employment Protection Act 1987
The Ministry of Business, Innovation and Employment labour information

Date adopted: January 2014
Review date: January 2016
Principal author: Industrial resources group
Correspondence to: nurses@nzno.org.nz

Mission statement
NZNO is committed to the representation of members and the promotion of nursing and midwifery. NZNO embraces Te Tiriti o Waitangi and works to improve the health status of all peoples of Aotearoa/ New Zealand through participation in health and social policy development.