



New Zealand  
Payroll Practitioners  
Association

Developing and Supporting  
Payroll Professionals

[www.nzppa.co.nz](http://www.nzppa.co.nz)

# Top 3 **PayTech AdviceLine** Questions





**1. Employee terminating after being on ACC long term**

**2. Employee works 36 hours one week and 40 hours the next, when they take leave, we average and provide leave based on 38 hours**

**3. Questioning what the Payroll System is actually doing?**



# 1. Employee terminating after being on ACC long term

## Background

The employee is on ACC under:

- Section 16(2)(a)(iv) receiving weekly compensation under the [Accident Compensation Act 2001](#) or former Act as well as, or instead of, payment from the employer; or
- So counted as part of continuous employment, so annual holiday and FBAPS leave will continue to be accrued and gain entitlement.



# Annual Holiday entitlement being paid out on termination - how is it calculated?

Annual holiday entitlement earned while on ACC still uses the greater of AWE and OWP (under Section 24), and the value paid out will be included in the 8% (under Section 25).

- If the employee has been off on ACC for 12 months or more, the AWE will be low (you do not go back to the period before ACC started to determine AWE); it is based on the last pay period back 12 months/52.
- Even if the employee has been off on ACC for more than 12 months or more, OWP is based on the agreed rate for the week (from the employee's employment agreement) this will provide value for the employee's leave.
  - The 4-week average would not apply if the employee has not been working variable hours while being on ACC.

## Example:

- John has an employment agreement that states they get \$1000 per week as their ordinary weekly pay.
- They have been on ACC for just over 12 months and had no annual holiday entitlement prior to being on ACC.
- They earned 4 weeks of annual holiday entitlement while on ACC, under OWP, 4 weeks paid out on termination, would be \$4000 for OWP.



## 2. Employee works 36 hours one week and 40 hours the next, when they take leave, we average and provide leave based on 38 hours

- Rotating roster employees work a 36-hour week and then a 40-hour week.
- When an employee takes a week of annual leave they get paid based on a 38-hour week
- If an employee takes a week off that they would normally work a 40-hour week, the employee would be disadvantaged as it is based on a 38-hour average.
- Annual Holidays is based on the week the employee works.
- The Holidays Act provides a leave rate it is not a wage or salary rate!



# 3. Questioning what the Payroll System is actually doing?

## Example 1:

### Ordinary Weekly Pay:

Earnings:

**\$1,692.31**

Last 4 weeks

Weekly Rate:

**\$423.08**

\$1,692.31 / 4 weeks

Daily Rate

**\$84.62**

\$423.08 / 5 days

### Average Weekly Pay:

Earnings:

**\$72,444.54**

Last 52 weeks

Weekly Rate:

**\$1,393.16**

\$72,444.54 / 52 weeks


Daily Rate

**\$278.63**

\$1,393.16 / 5 days



## Example 2:

 **View Rates**  
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Code :  Description :

Factor calculation :

Factor :

Employee field to factor :

Factor operator :

Over-Award Rate :



## Example 3:

**Other Leave Hourly Rate**

Default Hourly Rate:

Relevant Hourly Rate:  Save

Average Hourly Rate:  i

**The Rate to be Applied:**

Or

Use Average Daily Pay to calculate a pay

Average Daily Pay:  i