

Holidays Act 2003 Compliance – FAQ's

The Holidays Act 2003 is a complex piece of legislation subject to several interpretations. During last year's sales process Dairyworks proactively reviewed its compliance with the Holidays Act 2003 in conjunction with its audit partners KPMG. This review found some issues with Dairyworks compliance. Along with many employers in New Zealand we have been working hard since then to check the calculation of holiday and leave payments for all current and former employees.

“We have been very proactive to ensure Dairyworks fully complies with the requirements of the Holidays Act and that all employees are paid correctly”.

- **How do I know your calculations for my payment are correct?**

We have had independent financial experts KPMG experienced in holiday pay processes and reviews complete the calculations. A calculation model was created to calculate the amount payable for everyone based on the assumptions of the historical payroll data. This has been a very thorough process.

- **How have you calculated my back pay?**

The calculation of any back pay is complex, and it depends on several factors including:

- The amount of leave you have taken.
- The timing of that leave
- The time you have been employed at Dairyworks.
- The relevance of any extra allowances
- The extent of any relevant daily pay adjustments for sick leave, bereavement leave, public holidays, or alternate day payments
- Cashing up of any leave entitlement
- Leave taken in advance.

***** Because of these factors, everyone's back payment will vary. *****

- **Are all employees receiving a back payment?**

Many current and former employees are receiving a payment, but not everyone. It depends on the individual factors listed above.

- **Has anyone been overpaid?**

Yes, however, in line with the Wages Protection Act 1983 Dairyworks has decided there will be no action to seek recovery of overpayments.

- **Could this payment take me into a different tax bracket?**

You may need to check the IRD website at <https://www.ird.govt.nz/> to see if your total earnings, including your holiday back payments for this financial year, take you into a different tax bracket.

- **When did the Dairyworks holiday pay system change?**

It was changed in June 2020. Along with an MYOB payroll rollout across the country.

- **What is the period the back pay covers?**

The period covered is 6 years prior to the date above. This is confirmed as per the Limitations Act 2010 and any back payments be confined to the prior six years.

- **Does my Union know about the back payments Dairyworks is making?**

Yes. Dairyworks has kept the DWU informed about the plans for the back payments from the time the process started through to now. This has included discussing the calculation process used. The calculations are complex and detailed which is why we had an independent expert perform the calculations on our behalf.

- **Will Kiwisaver employer and employee contributions apply?**

Yes – for those employees who are contributing to Kiwisaver at the date the payment is made.

- **Do the back pay calculations account for Child Support deductions?**

No. But it may impact on future calculations by IRD for Child Support.

- **Do the back pay calculations include Student Loan deductions?**

Yes – for those employees who have a student loan tax code.

- **Will the back pay calculations affect my “Working for Families” entitlements?**

Your back pay may affect your Working for Families entitlement for the year ended 31 March 2022. If you receive weekly or fortnightly Working for Families tax credits you may need to re-estimate your annual family income. Please contact Inland Revenue on 0800 227 773 to discuss your specific situation.

- **I have moved / live overseas, can I provide an overseas bank account.**

No – We can only make payments to a New Zealand based bank account.