

Frequently Asked Questions – Holidays Act Remediation Project

<i>What is the Holidays Act?</i>	The Holidays Act 2003 is a really complex piece of legislation. It sets out how payment for all types of leave and final pay is to be calculated however it has been open to interpretation in a number of different ways. This has since been clarified and many organisations have reviewed their own payrolls against the new clarification and realised that they have been paying incorrectly in some instances. The remediation project has been set up to resolve these issues and to ensure that the payroll system is now fully compliant.
<i>What steps has LFT taken?</i>	<p>When we became aware of this issue (which is widespread across many NZ organisations) we took a pro-active approach to looking at our systems.</p> <ul style="list-style-type: none"> • We contracted an external review of our payroll system to establish whether we were in line with the Holidays Act. This identified that there were inconsistencies in leave payment calculations. • With the help of our payroll company we updated our payroll system to correct the errors. This took effect from October 2020. • We then contracted an external expert (Mero) to help with the calculations for each employee and to establish what, if any, over or underpayments had been made during the required period.
<i>Who is affected?</i>	If you were employed by Laura Fergusson Trust Wellington Incorporated (LFT) at any point between July 2014 and October 2020 your leave and other wage related payments may not have been calculated and paid correctly. Typically this has affected employees who have had variable work patterns. That is generally those who work to a roster although some part-time staff also have had variable hours.
<i>Will all employees receive a remediation payment?</i>	Not all employees will qualify for a remediation payment. Some employees have in fact been overpaid. Some employees do not meet the criteria because they have not worked variable hours or have been in salaried positions. All staff and ex-staff have been reviewed during this project.
<i>How far back with the remediation payments go?</i>	LFT is required to go back six years from the date of a claim or six years from the date we became aware of this issue which was 13 th July 2020. We will remediate back as far as 14 th July 2014.
<i>How much will the remediation payments be?</i>	For those who are entitled to a remediation payment the amounts will vary widely depending on the circumstances. These include length and type of service, hours worked, leave taken etc.
<i>When will these remediation payments be made?</i>	<p>We are working on this process now and hope to have paid any amounts owing during October 2021. It is important that we get the process and the calculations right so we would prefer to take a little longer in order to do that.</p> <p>Eligible former employees will be paid on a quarterly basis provided they have correctly completed the on-line form, which will be available on the LFT website from February 2022.</p>
<i>Can I see my calculations to check if they are correct?</i>	<p>The calculations to work out any under or over payments are long and complex and our experts have been working on them for some time. They have been checked and re-checked to ensure we have fixed the calculations and correctly identified the subsequent payments.</p> <p>Because of this we are not providing individual calculations unless there is a specific request and only summary information is able to be provided.</p>
<i>Will I be entitled to interest or compensation?</i>	No, there are no interest or compensation payments owing to employees.
<i>How much will I be taxed?</i>	The remediation payment is legally required to be taxed as a lump sum payment. The amount will vary depending on the amount of the payment and the type of deductions that individuals have. You can check the IRD web-site www.ird.govt.nz to see the impact of this.
<i>What other deductions will be made?</i>	PAYE, and where relevant student loan and Kiwisaver employee contributions will automatically deducted at the time of payment. You may also have other payments being deducted and you should speak to those agencies about the implications of a lump sum payment. Kiwisaver employer contributions where relevant will also be made at the time of payment.