

## Remediation - Frequently Asked Questions

### **What are the payroll issues?**

The issues relate to entitlements under the Holidays Act 2003. The specific areas that require recalculation date back to December 2016 and are related to the rate of payment of statutory holidays, and other types of leave such as annual, alternative day holiday, sick, special and bereavement leave. This means that some of our current and former staff are owed remediation payments.

The Holidays Act legislation is complex with varying rules and calculations for different leave types. This issue is not isolated to Waipā District Council. It is an issue affecting many employers across New Zealand.

### **Who is affected?**

The issue relates to a number of former and current staff members, employed between December 2016 and the end of February 2023.

Not all staff members who worked during this period are affected, however all current staff members employed during the review period will be communicated with and we will endeavour to contact former staff members who have been affected

### **I'm a former staff member and I have changed address. How will you contact me?**

Former staff members will be contacted using the last known email and/or postal address we have on file.

If your contact details have changed and you do not receive an email or letter, we encourage you to still check if you are due a payment (see 'How much will my payment be?' below).

### **How much will my payment be?**

As everyone's earnings history and leave patterns are unique, recalculation payments will differ for each staff member. If you are a former staff member due a payment, a detailed letter will be sent to you once you have completed all the required information on the website.

You are welcome to email [holidaypay@waipadc.govt.nz](mailto:holidaypay@waipadc.govt.nz) to check if you are eligible for a recalculation payment.

**My detailed letter says I am owed a very small amount. Are you still going to pay this?**

Yes. We are required by law to ensure you receive any payment owing to you, no matter how small the sum.

**When will I receive the amount owed?**

Former employees will be paid promptly once the individual's details are verified. These payments are usually processed within 30 working days.

**Why has it taken so long to make these payments?**

We engaged the services of consultants KPMG to investigate the inconsistencies thoroughly and ensure calculations are accurate for each former and current staff member.

They have undertaken a comprehensive recalculation and validation process to ensure all issues are addressed and all employee entitlements are correctly estimated. They have applied a 10 percent buffer (increase) to their figures.

**How many current and former staff are affected?**

Not all current and former employees are affected by this recalculation. About 678 current and former staff members' historical data has been recalculated. Approximately 351 of these people are not due any payment.

**How much will be paid in total?**

The total cost of the recalculation payments is approximately \$150,371.

**How have these payments been budgeted for?**

Council is funded by a range of revenue sources (ratepayers, external funding, fees and charges) and has made provisions to cover the payments involved with this recalculation project.

**DOCUMENTATION AND PAYMENT**

**What documents do you require to process payment?**

To ensure you receive any money owed to you, we must obtain proof of identify, and bank account details, as well as information relating to superannuation and taxation details.

You will be advised what these documents are once our team has determined whether or not you're owed a remediation payment.

**Will I receive a payslip once my recalculation has been paid?**

A payslip detailing the payment will be sent to you following payment.

### **Will I receive a detailed breakdown of how my payment has been calculated?**

The recalculation of payments is complex, involving a large amount of data, and detailed calculation breakdowns will not be provided with the letter relating to the amount of your payment. However, if you wish to obtain a detailed statement of your calculation, this can be arranged on request.

### **Will interest be paid on top of my recalculation payment?**

Interest will not be paid on top of any recalculation payments. A number of factors have been considered in deciding whether it was appropriate to pay an additional amount in the form of interest.

We are not legally obliged to pay interest or compensation in this situation however we have applied the 10 percent buffer (increase) in favour of employees.

## **TAX, KIWISAVER AND OTHER BENEFIT IMPLICATIONS**

### **How will my payment affect my tax and any deductions or contributions?**

Recalculation payments are classed as earnings and therefore subject to the following deductions/contributions:

PAYE (tax). This will be at the 'Extra Tax' rate. (Visit the [IRD website](#) for more information on Extra Tax. You can also contact Inland Revenue directly on 0800 227 774)

#### **Student loan deductions**

If your tax code includes 'SL' to denote that you are paying off a Student Loan, this deduction will apply to any remediation payment that you are due. We encourage you to discuss with the relevant organisations how your payment may impact child support, benefits etc.

#### **What happens to my KiwiSaver contributions?**

If you are a KiwiSaver member, your nominated contribution percentage will be deducted from your payment and paid to your KiwiSaver fund via the IRD.

#### **Why is there no monetary payment for staff? Entitlement only?**

Where a current employee has had an under-allocation of annual leave entitlement, this will be added to their available balance. Where this situation applies to a former employee, the annual leave paid up on termination will be recalculated.