

Staff on Parental leave present a problem for annual leave accrual, as they're absent for part of the year and the legislation provides for a "rateable deduction" for time absent from work. What appears to work best is the following protocol - which effectively accrues a proportion of annual leave for any work done, instead of a bulk accrual of 4 weeks at the end of each 12 month's service.

Note too (we get asked), Parental Leave is paid for by the Government - not by the employer.

Parental Leave

It is recommended that you observe the following protocol when an employee goes on Parental leave:

- Tick the option in *Edit Employee..More..Extended/Parental leave* - this suppresses warnings about the employee's leave accrual method when we change it in the next step.
- Set the employee's annual leave accrual method to *Percentage each pay*. This causes an adjustment for the year to account for earnings since the last anniversary, and leave accrues thereafter for any pays the employee actually works. So, rather than receiving a full annual accrual of 4 weeks, they'll receive a proportional accrual based on time actually at work.
- Set the employee's Pay Input to zero and place "On hold". This will help prevent accidental processing of pay input.
- Alternatively, set their standard pay to have a single Special Leave entry, sub-type Parental Leave and the number of days usually worked. This creates a zero-value pay. Note: the special leave description for Parental leave MUST be flagged as leave without pay.
- Create a REMINDER (Employee..Reminders) for the date the employee is due back.
- When the employee returns to work, DO NOT alter the method of accruing annual leave back to weeks until AFTER the employee's next anniversary. Put a reminder in!

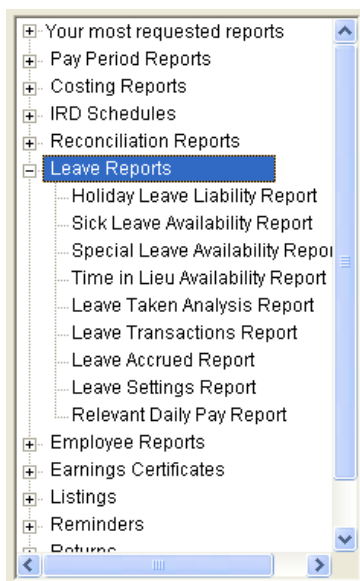
The Holidays Act provides for rateable deduction for time absent from work, and this is the best means of ensuring that the employee's leave accrual is accurate and not overstated.

A further point - if the employee is only on an extended leave of absence (instead of Parental Leave), then you may alter the employee's last anniversary date forward one week for every whole week absent - effectively delaying his next anniversary. Refer Labour Department for details.

Leave Reports

SmoothPay provides a great range of leave reports that provide you not only with management information (Leave Liability etc), but a solid and consistent record of leave, settings, transactions and values.

These reports can be selected from the reports list:



Individual employee leave records for each type of leave can also be produced from the Employee leave setup screens.

Related topics and resources

Pay clerking is not a simple job! It requires knowledge of an enormous amount of legislation, generally accepted principles developed over decades, and it's easy to be misled and end up with your leave processing and records in a real shambles.

SmoothPay provides a complete range of guides and tutorials for all aspects of the software (available on our CD and website), and our help desk provides expert advice on using SmoothPay whenever you need it.

Forms, publications and websites

The best source of information is the Department of Labour (you should always record the date, time and name of the person you speak to regarding any clarification or determination).

The Department of Labour website can assist greatly with online preparation of employment contracts, guides and information for employers: www.ers.dol.govt.nz

Some (not all) Employers Associations are worth their weight in gold, especially when it comes to employment procedures. For definitive advice, you must refer to the Department of Labour, though sometimes an Employers advocate can provide practical and cost saving advice.

A form (*Annual Leave Balance Worksheet*) is available to assist you to establish the correct opening leave balances and methods of entitlement, and is available from the Employee..Leave setup screens, or from the SmoothPay CD, or from the publications section of our web-site.

The *Holidays Act* (and amendments) is the legislation which determines how leave should be applied, and is available from government bookstores and online.

CCH Ltd produce two superb reference guides, *New Zealand Employment Law Guide* and *Guide to Holidays and Leave*. These can be ordered by calling CCH on 0800 500 224, or visit their website www.cch.co.nz

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