

Frequently Asked Questions: Payroll Remediation

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Background

What are the Payroll issues?

We have identified a number of payroll related issues, which, over time, have resulted in some staff receiving incorrect payments. The issues relate to employee entitlements under employment legislation, in particular the Holidays Act 2003. There are three main issues.

First, we have discovered an issue with the method we use to determine fortnightly salary payments. This can lead to underpayments. In order to correct the issue, we have changed the salary calculation method used, resulting in adjustments to the pay received.

Second, calculations relating to entitlements under the Holidays Act 2003. The legislation is complex and open to interpretation, and we have incorrectly calculated leave entitlements. This includes annual leave, and other forms of leave you may have taken (sick leave, bereavement leave, public holidays worked etc).

The third issue relates to staff on lower level salaries. Some staff may have been underpaid. This is because although Landcorp pays a salary it still needs to comply with the Minimum Wages Act. If you had worked particularly busy fortnights then you may be entitled to a top-up payment. This is because your normal fortnightly salary must be the same or greater than the amount you would receive if you were paid the minimum wage. We have been assessing timesheets since November 2013 to determine if any employees should be paid a top up, so any arrears will mainly relate to the 2010-2013 period, where applicable.

Why was Landcorp investigated? / How were these issues uncovered?

We were investigated by the Labour Inspectorate (part of the Ministry of Business Innovation and Employment). This initially arose from complaints made by two former staff members that believed they had been underpaid under the Minimum Wages Act. The Labour Inspectorate extended its investigation to cover all areas of our compliance with all employment legislation including the Holidays Act. **The Labour Inspectorate has investigated many businesses for compliance with this legislation and found that many payroll systems are not calculating entitlements correctly.**

How did Landcorp get it wrong?

We endeavour to comply with all legal requirements. The issues here largely arose from the difficulties with complying with the Holidays Act. These issues have affected many businesses. Payroll systems are operated on the basis of detailed formulas and rules. If these are incorrect, people will be paid incorrect amounts. Unfortunately, some of our formulas and rules were incorrect.

Why is this only going back as far as 07 November 2010?

We are legally required to backdate any arrears for a period of six years from the date we agreed with the Labour Inspectorate that we had issues with our payroll system. We agreed an enforceable undertaking with the Labour Inspectorate on 07 November 2016. Therefore we're required to go back and review all records to 07 November 2010. In addition, records prior to this date are not reliable or have been destroyed (employers are not required to keep employee records for longer than six years).

How do I know this won't happen again?

In addition to the recalculation of salaries, we are undertaking a review and fix of our Payroll system to ensure compliance going forward. We will have this independently checked and audited to ensure that we are compliant.

Who is affected?

Who is impacted by these issues?

All permanent and fixed term staff who have worked for Landcorp at any time since 07 November 2010 are likely to be affected. All permanent staff will have their pay recalculated for their period of employment. If the recalculations are more than the amount actually paid, staff will be paid the difference. In some instances the issues may have caused over payments. These will not be recovered by Landcorp.

The most affected staff are those in Landcorp-provided accommodation and those who have significant variability in hours worked.

Are casual workers affected?

Only permanent (including fixed term) employees are affected by these issues.

How will I know if I'm entitled to a payment?

We'll be getting in touch with people who are owed a payment.

You must have worked for us between 07 November 2010 and 31 August 2017. All current employees will be paid their arrears during a manual pay run, which is separate from the normal fortnightly pay and will receive an email outlining the amount they are receiving.

All former staff will be contacted by us with information about their payment and how to claim it. We are using the last contact details we had for people when they left (email address, phone number or forwarding address).

If you think you are eligible and you don't believe we have your correct contact details, please get in touch with us by calling **0800 729 001** or emailing payme@landcorp.co.nz

Payment details

How much will my payment be?

Everyone will be different. Some arrears payments will be very small, others more significant. Factors contributing to your arrears (if any) include how long you've worked for us, your salary and benefits, and your hours of work. You will be advised what you are owed when we get in touch with you. Your payment will be less tax (calculated using the tax code you are currently using).

How is my arrears payment calculated?

We hold employment related data (including time and attendance records and pay history) for 7 years. To determine your arrears payments we have:

- Reviewed all payroll records to ensure data is correct to the best of the information we hold. This includes inputting time and attendance records into the system
- Recalculate all fortnightly pays from 07 November 2010 to determine correct salary entitlements (including any Minimum Wage top ups, where applicable)
- Recalculated all your leave entitlement-related payments since November 2010.

If you changed roles during your employment at Landcorp or were employed with us more than once, each instance will be calculated individually and added together.

Will I be paid interest on my arrears payment?

Landcorp is not paying interest on arrears payments. Having agreed the scope of the issues with the Ministry of Business, Innovation and Employment, Landcorp is pro-actively addressing the issue for all affected staff. Interest is not required to be paid in this situation.

How will my payment affect tax/benefits/other?

If you are a current staff member, you will be taxed in accordance with Inland Revenues regulations, and using the tax code we currently hold for you.

Former staff members will be taxed in accordance with [Inland Revenues regulations](#), and using the tax code provided to us in the Payroll Remediation form. KiwiSaver deductions, including Landcorp's contribution, will be made at the percentage Landcorp held at the time you left your employment.

We encourage you to make contact with relevant organisations to discuss any impact this remediation payment might have on child support, benefits or other such matters.

When will I be paid?

Payment dates are yet to be confirmed. We are currently re-calculating all pays made to affected staff to determine the arrears that may be due. Due to the number of staff affected, payments may be staggered. It is likely that we will be making payments in September-October 2017.

If you are a former staff member, you will not be able to receive payment until you've provided the information we've requested. Upon receipt of your documentation outlined in the letter to you, we will mail or email you a letter confirming the amount owing to you. We will then process your documentation and arrange payment to your nominated bank account as soon as possible.

Current staff will have their arrears added to a manual pay run, which is separate from the normal fortnightly pay run.

Making a claim

What documents do I need to make a claim?

If you are an employee at the time we make arrears payments, we won't need any information from you. If you are no longer employed by us then we will require the following information from you to enable us to make payment:

- Completed [Payroll Remediation Claim form](#)
- Certified proof of Identity: birth certificate, passport, certificate of citizenship, immigration NZ Visa, drivers licence, or HANZ 18+ card
- A completed [IR330 form](#)
- Bank deposit slip or Confirmation of Bank Account from your Bank

Please forward the above documentation to Landcorp Payme, PO Box 5349, Wellington 6140, or email scanned copies to payme@landcorp.co.nz

How do I claim on behalf of a deceased person, or someone for whom I hold power of attorney?

We will need you to provide documentation to verify your identity and to confirm that you are authorised to act on behalf of the estate. If you are the authorised person for someone who has died and who left Landcorp during this time period, please contact us at payme@landcorp.co.nz and we will get in touch with you.

Is there a time limit to claim my arrears payment?

A Payroll Remediation project was formed for the purpose of reimbursing former and current staff. Arrears payments will be processed faster during the projects operation. Requests for arrears payment outside the projects duration will take longer to process.

Employment Records

Can I see a copy of my employment records?

Your employment records are available on request. Please note there may be a delay in compiling and sending your employment records, as we are prioritising arrears payments first.

What if I disagree with the records of my hours worked?

Please contact us on **0800 729 001** payme@landcorp.co.nz. Arrears payments are based on our records of staff working hours, based on our Time & Attendance tracking tool and leave calculations. If you have further information regarding your hours of work please contact us with this information.

For more information

Who can I contact if I need more information?

Please send your query to payme@landcorp.co.nz. If you think you are owed a payment, but you have not received any communication, please get in touch **0800 729 001**.