



Ordinary Weekly Pay vs Average Weekly Earnings (OWP vs AWE)

Payment for annual holidays - you must pay the greater of Ordinary Weekly Pay (OWP) and Average Weekly Earnings (AWE)

Calculation of OWP

In OWP

Principle - regular payment
 Wage/salary
 Regular overtime
 Regular allowances (eg. shift)
 Cash value of board/lodgings
 Regular productivity/incentive based payments

Not in OWP

Principle - not regular payment
 Not regular productivity, incentive or overtime payments
 One-off discretionary payments employer not bound to make
 Employer contribution to superannuation schemes

Calculation of AWE

In Gross Earnings for AWE

Principle - payment contractually bound to make
 Wages/salary including overtime, most allowances
 Holidays and leave payments, long service, retiring

Not in AWE (not GE)

Principle - payment not contractually bound to make
 Completely discretionary payments
 Reimbursements
 Employer contributions to superannuation

Is it possible to work out OWP?

NO

Use the OWP formula

Go to end of last pay period before the holiday is taken

From there, go back 4 weeks (or length of pay period if longer than 4 weeks)

Work out Gross Earnings for that period and deduct anything that is not OWP. This includes payments that are not a regular part of the employee's pay. See "What is a regular payment for OWP?" for examples.

YES

Calculate OWP

Divide your answer by 4.

AWE = 1/52 of Gross Earnings for the last 12 months before end of last pay period, unless the employee has worked less than 12 months, in which case the divisor of 52 is reduced to equal however many whole or part weeks they worked, or in some circumstances following leave without pay; see "Leave without pay" for more information.

If the employment agreement specifies a rate for OWP this can be used only if it is equal to or greater than the OWP you have calculated.

COMPARE OWP AND AWE.

You must pay the employee's annual holidays at the greater rate.

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