

4. OVERTIME CALCULATION
SECTION 26 (1) (b) (1) (ii)

In respect of work carried out in excess of the normal hours of work mentioned in section 22(1) an employee shall be paid overtime at the following rates –

(b) For work carried out in excess of the normal weekly hours of work –

I) For the first 4 hours: at a minimum rate equal to one-and-a-quarter times the normal hourly rate; (125%)

II) In excess of 4 hours: at a minimum rate equal to one-and-a-half times the normal hourly rate; (150%) (*Section 26, Emp Act CAP 160*)

<u>Weekly hours worked</u>	<u>125%</u>	<u>150%</u>
Week 1 – 50 – 44 = 6	4	2
Week 2 – 50 – 44 = 6	4	2
Week 3 – 52 – 44 = 8	4	4
Week 4 – 60 – 44 = 16	4	12
	16	20

Example 1
300vt per hour

A– 300vt x 125% x 16hrs = 6,000 VT

B– 300vt x 150% x 20hrs = 9,000 VT

TOTAL = 15,000 VT

If any total weekly hours are less than 44 normal weekly hours then it will not be included in the calculation for Overtime.

5- Public Holiday Overtime Section 26

26. Overtime pay

(1) In respect of work carried out in excess of the normal hours of work mentioned in section 22(1)(a) –

(a) for work on public holidays or Sundays: at a minimum rate equal to one-and-a-half times the normal hourly rate;

Rate per hour x Total hours per day x 1.5 = ANS.

Example:

300Vt x 4 hours x 1.5 = 1,800VT

NOTE: Public holiday rate shall not apply to employees employed in Essential Services in Section 23 but only day offs in Section 23(3).



EMPLOYMENT ACT CAP 160

ENTITLEMENT CALCULATIONS

BROCHURE

INDUSTRIAL RELATIONS UNIT

Private Mail Bag 9022

P.O. Box 03

TEL: (678) 33130

TEL: (678)33740

PORT VILA

LUGANVILLE

Purpose:

The purpose of this brochure is to advise all employees and employers and interested members of the public the methods of calculating the financial benefits.

There are seven calculations all together and they are:

1- Annual leave

2- Sick leave

3- Maternity leave

4- Overtime

5- Public Holiday Overtime

6- Notice

7- Severance allowance

1. CALCULATION FOR ANNUAL LEAVE

Section 29 [1] [a]

Annual leave

(1) A Period of 1 year to 6 years, Leave on full pay at the rate of 1.25 working days per month for each years of employment. It means that when a person who is on employment for 1 year to 6 years, the employee is entitle of 15 days of leave, pay in full.

A period of 7 to 9 years annual – leave on full pay at the rate of 1.75 working days per month for each year of employment. It means that, a person who is on employment for 7 years to 19 years, the employee is entitle of 21 working days of leave, pay in full.

(2) The rate of the annual leave provided for in subsection (1) shall be increased to 2 working days after 20 years, 4 working days after 25 years and to 6 working days after 30 years service in the same undertaking, whether continuous or not:

Provided that this subsection shall not apply in relation to employees in agricultural undertakings.

Work between 1- 6 yrs. = 15 days Annual Leave
15 days / 12months = 1.25 per month.

EXAMPLE 1

Work—1 yrs. and 6 months (Monthly Salary = 52,800VT)
52, 800VT / 22 working days x 15 days = 36,000VT

Section 32 [1].

6 months
52,800VT / 22 working days x 6 months x 1.25 = 18,000VT

Total : 36,000VT + 18,000VT = 54,000VT

Section 29 [1] [b]

Work between 7 to 19 yrs. = 21 days Annual Leave
21 days / 12 months = 1.75 rate per month

EXAMPLE 2

Work—8 yrs. and 6 months (Monthly Salary = 52,800VT)
52,800Vt / 22 working days x 21 days = 50,400VT

Section 32 [1].

6 months
52,800VT / 22 working days x 6 months x 1.75 = 25,200VT

Total: 50,400VT + 25,200VT = 75,600VT

6. CALCULATION FOR NOTICES

A contract of employment for an unspecified period of time shall terminate on the expiry of notice given by either party to the other of his intention to terminate the contract.

Notice may be verbal or written, and, subject to subsection (3), may be given at any time. (Section 49, Emp Act CAP 160)

1. Section 49 [3] [a] – Work over 3 years = 3 months Notice

Example: Work 4 years (38,720VT salary per month)

$$52,800VT \times 3 \text{ months} = 158,400VT$$

2. Less than 3 yrs. = Section 49 [3] [i] – 14 days Notice

Example: Work 2 Years (52,800VT salary per month)

$$52,800VT / 22 \text{ days} \times 14 \text{ days} = 33,600VT$$

7. CALCULATION FOR SEVERANCE

ALLOWANCE

Section 56[2][a]-

The amount of severance to be paid to the employee who has been in continuous employment 12 months consecutive shall be 1-month wages for 1 year. (Section 50, Emp Act CAP 160)

ONE MONTH SALARY PER YEAR.

Example 1

Worked—4yrs. and 6 months

1. Monthly salary –

$$52,800VT \times 4 \text{ yrs.} = 211,200VT$$

Section 56 [2] [b]

$$52,800VT / 12 \text{ months} \times 6 \text{ months}$$

$$= 26,400VT$$

3. CALCULATION FOR MATERNITY LEAVE.

New Employment Amendment Act NO. 31 of 2008

(1) An employer shall allow a woman employee to leave her work upon production by her of a medical stating that her confinement is likely to take place within 6 weeks, and shall not permit her to work during the 6 weeks after confinement.

(2) While absent from work on pursuance of subsection (1) a woman employee shall be entitled to be paid 66 % she would have earned had she not been absent.

Section 36- 66% of salary

Example 1: Monthly salary on Maternity Leave

$$52,800VT \text{ monthly salary} \times 66\% = 34,848VT$$

Example 2: Two Weeks salary on Maternity Leave

$$26,400 [10 \text{ days salary or } 15 \text{ days salary}]$$

$$26,400 \times 66\% = 17,424VT$$

Example 3: One Week Salary on Maternity Leave

$$13,200VT \text{ weekly wages}$$

$$13,200VT \times 66\% = 8,712 VT$$



2. CALCULATION FOR SICK LEAVE

New amendment Employment Act NO. 31 of 2008.

Section 34 [1] = 21 days

Every employee who has been in continuous employment with the same employer for more than 6 months shall be entitled in every 21 working days leave on full pay on grounds of illness. (Section 34, Emp Act CAP 160)

After 3 months within the year of employment is 21 days.

Example 1:

60,000Vt monthly FIXED salary

$$60,000Vt / 22 \text{ working days} = 2,727VT \text{ rate per day}$$

$$\text{So, } 2,727VT \times \text{Total hours per day [maybe 8 hrs]} = 21,816VT$$

Example 2:

Salary paid Hourly calculations;

$$220VT \text{ per hour} \times 8 \text{ hours per day} = 1,760VT \text{ per day}$$

Sick leave is; Daily rate

$$52,800VT / 12 \text{ months} \times 6 \text{ months} = 26,400VT$$

