



Key changes to the employment leave system

This document provides a snapshot of the key changes proposed in the Employment Leave Bill. More information can be found in the Employment Leave Explainer and Technical FAQ which are available on the Holidays Act reform webpage [Holidays Act reform](#).

	Current system	Proposed new system
Earning and taking leave		
Annual leave	<ul style="list-style-type: none"> › Provided to all workers as a 4-week lump sum entitlement after each 12 months' 'continuous employment' (unless pay-as-you-go applies). › Not earned after the first week of unpaid leave (unless it is sick, bereavement or family violence leave). › A 'week' of leave reflects work pattern when leave is taken. Leave balances 'scale' to match changes in hours. › Taken in agreed portions of weeks. › Workers can request to cash up 1 week in each 12 months. 	<ul style="list-style-type: none"> › Accrues in hours from day one at a minimum rate of 0.0769 per standard hour of work. › Also accrues when a worker is on paid or unpaid leave under any legislation (including parental, volunteers and jury leave). Does not accrue on any other unpaid leave or when receiving accident compensation. › Leave hours are 'banked' with no balance adjustment if standard hours change. › Taken in hours against standard hours. › In each 12 month period workers can request to cash up up to 25% of their annual leave balance, as at their last start date anniversary.
Sick leave	<ul style="list-style-type: none"> › All eligible workers receive a 10-day lump sum entitlement (up to a 20-day cap) after 6 months and after every subsequent 12 months. › Taken in full days on a day that is an 'Otherwise Working Day'. 	<ul style="list-style-type: none"> › Accrues in hours from day one at a minimum rate of 0.0385 per standard hour of work and during the same unworked periods as annual leave (up to a 160-hour cap). › Taken in hours against standard hours and any hours specified in a work roster at the time of the worker's notification.
Bereavement and family violence leave	<ul style="list-style-type: none"> › For eligible workers entitlements apply after 6 months. › Taken as full days of entitlement. 	<ul style="list-style-type: none"> › Remain as days-based entitlements but apply from day one for all workers. › Ability to take part days of entitlement on the same days as sick leave.
Public holidays	<ul style="list-style-type: none"> › Entitlements to paid days off work and alternative holidays apply on Otherwise Working Days (OWD) – employers and workers must consider a range of factors when this is not clear. 	<ul style="list-style-type: none"> › A new OWD test for workers without agreed days (or a pattern of days) of work. A day will be treated as an OWD if 50% or more of the same day of the week as the public holiday have been worked in the preceding 13 weeks.

Current system		Proposed new system
Alternative holidays	<ul style="list-style-type: none"> › A whole alternative holiday day provided when a worker works a public holiday that is an OWD, regardless of the time actually worked on that day. › Must be taken on another OWD and can be cashed up after 12 months. 	<ul style="list-style-type: none"> › Alternative holiday hours accrue at a rate of 1:1 for every hour worked (or on call and required to work if called) on a public holiday that is an OWD. › Taken on any day that a worker could work under their employment agreement and can be cashed up at any time.
Leave pay		
Leave payments	<ul style="list-style-type: none"> › Multiple calculations and comparisons to reflect pay for non-standard hours and other variable payments. › Annual leave taken soon after parental or volunteer leave paid at a lower rate due to an override to the usual rules. 	<ul style="list-style-type: none"> › All leave paid at an hourly rate based on a worker's lowest hourly rate payable for the day leave is taken, with an hourly average of piece rates. › 'Fixed' allowances paid in full during leave. › Annual leave taken after parental and volunteer leave paid as normal.
Leave compensation payments	<ul style="list-style-type: none"> › Employers and workers can agree to use "Pay as you go" (8% of gross earnings) instead of providing paid annual leave if work is intermittent or irregular or for a fixed term of less than 12 months. 	<ul style="list-style-type: none"> › A leave compensation payment (LCP), set at 12.5% of a worker's ordinary hourly rate, will be paid on all 'casual' hours of work. Workers with standard hours will also be paid a LCP for every 'additional' hour they work (and receive additional payment for). This is instead of accruing annual and sick leave on those hours. › Fixed term workers accrue leave from day 1.
<p>Implementation: There will be a 24-month period between when the Bill has passed and when it comes into force to provide time for payroll providers and employers to make changes to business and payroll systems. Until a new Act comes into force all of the existing rules continue to apply.</p> <p>There will be a 3 year period to update employment agreements. After that time, if contractual leave terms are not consistent with the framework of new legislation, the minimum statutory terms will override any conflicting provisions.</p>		

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