

WE KNOW

HUMAN RESOURCES

MINIMUM WAGE

From 1 April 2019

QUICK GUIDE

This Quick Guide provides summarised information about the statutory minimum wage.

MINIMUM WAGE INCREASES FROM 1 APRIL 2019

From **1 April 2019**, the Minimum Wage and Starting Out Wage together with the Minimum Training Wage will increase.

The statutory Minimum Wage payable to employees **16 years of age and older** will increase by 1.20 cents per hour to **\$17.70** per hour for those paid on an hourly basis; **\$141.60** per 8-hour day if paid by the day; **\$708** per 40 hour week if paid weekly - plus \$17.70 per hour for each hour exceeding 40 hours in a week.

The Minimum Wage Amendment Order 2014 first established a *fortnightly minimum wage* in respect of those not paid by the hour, day or week e.g. salaried workers. In such cases the adult minimum wage from 1 April 2018 is **\$1,416 per fortnight**, and **\$17.70** per hour for each hour exceeding 80 hours worked in a fortnight.

(The introduction of the fortnightly minimum wage was to partially avoid the problems identified as a result of the Employment Court's interpretation of the Minimum Wage Orders as they related to salaried workers in Law v Board of Trustees of Woodford House [2014] NZEmpC 25 [Judgment of Chief Judge Colgan, 17 February 2014])

There is no statutory minimum wage for under-16 year olds.

STARTING OUT WAGE

A 'starting out wage' (currently set at 80% of the Minimum Wage) can be paid in the following circumstances –

- 16 and 17 year-olds for the first 6 months of employment with a new employer
- 18 and 19 year-olds who have
 - been continuously paid 1 or more specified social security benefits for not less than 6 months, and
 - have not completed 6 months' continuous employment with any employer (excluding any employment undertaken before the worker started to be paid 1 or more specified social security benefits)
- 16 to 19 year-olds undertaking recognised industry training involving at least 40 credits a year.

Note that the starting out wage cannot be paid to employees of any age if they are supervising or training other workers.

From **1 April 2018**, the 'starting out wage' is **\$14.16** per hour

MINIMUM TRAINING RATE

From **1 April 2018** trainees aged 20 years or more and required to undertake at least 60 credits a year of an industry training programme must be paid a minimum training rate of **\$14.16** per hour.

NB All figures are gross (i.e. before tax)

The Minimum Adult Wage is subject to annual review.

Future increases

Note : Government has indicated that the minimum wage from 1 April 2020 will be set at \$18.90 per hour and further increase to \$20 per hour from 1 April 2021. This is indicative only and subject to confirmation after each annual review.

For assistance with any other Employment Relations/Human Resources issues please contact the Canterbury Employers' Chamber of Commerce, phone 03 366 5096 or email info@cecc.org.nz.