

# FACTSHEET: MINIMUM WAGES

## 1. WHERE CAN I FIND THE LAWS ON MINIMUM WAGES?

Minimum wages information is found in *Orders* made under the Minimum Wages and Minimum Wages Board Act [Cap 182]. As of April 2014 the most recent Minimum Wage Order is Order 109 of 2012.

## 2. WHAT IS THE AMOUNT OF MINIMUM WAGE?

The current amount of the minimum wage is **170 vatu per hour**. This is the rate that must be paid for regular hours of work of up to 44 hours per week, or 8 hours per day – see *factsheet: hours of work*. If the regular hours are exceeded, overtime must be paid in accordance with the law – see *factsheet: overtime*.

There are four exceptions to the standard minimum wage rate:

- seasonal copra cutters shall be paid a minimum of 13.5 per cent of the price fixed by the Vanuatu Commodities Marketing Board for hot air or sun-dried copra (Minimum Wage Order 3(1));
- seasonal cocoa cutters shall be paid a minimum of 6 per cent of the price fixed by the Vanuatu Commodities Marketing Board for 1st grade cocoa (Minimum Wage Order 3(2));
- students engaged during school holidays shall be paid a minimum of 250 vatu per day (Minimum Wage Order 4(1)(a));
- children who are employed in accordance with the relevant sections of the Employment Act shall be paid a minimum of 250 vatu per day (Minimum Wage Order 4(1)(b)).

## 3. DOES THE MINIMUM WAGE RATE INCLUDE VNPF CONTRIBUTIONS?

The rate of the minimum wage includes the employees' VNPF contribution, but **excludes** the employer's VNPF contribution.

*Bizniz pays Cathy a rate of 170 vatu per hour for a 40 hour week. Her gross pay is 6800 vatu. What is the net pay once Bizniz deducts Cathy's VNPF?*

4% of 6800 is 272 vatu. Cathy's net pay is 6528 vatu per week. Bizniz must pay this 272 vatu deduction from Cathy's salary into Cathy's VNPF account. Bizniz must also contribute the same amount to Cathy's VNPF account.

## 3. IS THERE A MONTHLY MINIMUM WAGE?

There is no official monthly minimum wage. If you want to pay your employee a monthly salary that is based on the minimum wage you must make sure that if you divide the monthly salary by the usual hours of work per month this amount is still equal to or higher than the hourly minimum wage.

*Bizniz wants to pay Paul a monthly salary of 30,000 vatu. He is expected to work 44 hours per week, with 8 hours Monday – Friday and 4 hours on Saturdays. Is this monthly salary legal?*

No it isn't, because the monthly salary works out to less than 170 vatu per hour. If, for instance, we take the month of March 2014 Paul has 21 weekday workdays and 5 Saturday workdays. His total hours of work for March 2014 (ignoring holidays) are 188 hours ( $21 \times 8 + 5 \times 4$ ). A monthly salary of 30,000 vatu means that Paul is effectively only being paid 160 vatu per hour.