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Pay requirements over the spring period

Over recent years there have been an increasing number of farm employers under the eagle eye of the Ministry of Business Employment & Innovation (formerly known as the Department of Labour) for failing to pay staff the minimum wage during the calving and mating season.

Most rural employers mistakenly believe that “pay averages out over the year” – it doesn’t.

This issue primarily affects the lower paid employees as the increased hours they work during calving and mating can mean the employee falls below minimum wage and, as an employer, you are falling foul of the law.

Employers must ensure they understand the employment contract that their employees have signed. Whether employees are paid on a hourly basis or on a salary. They must always receive at least minimum wage of \$13.75 per hour.

To calculate how many hours an employee can work before being paid extra use:
Annual salary + Rent allowance / 52 weeks / minimum wage = maximum number of hours available to work each week.

So using this calculation:

An employee on an after rent salary of \$32,000 and a rent allowance of \$5,200 has a gross taxable package of \$37,200 / 52 weeks = \$715.38 gross per week / \$13.75 (minimum pay) = 52 hours per week maximum that the employee can work before they fall below minimum wage.

For example, if an employee works 55 hours then the employer tops up his pay with an extra 3 hours @ \$13.75 gross per hour equals \$41.25 and the issue is resolved.

This needs to be recalculated each year as both salaries and minimum wage are altered.

This is becoming very common. Recording each day’s hours in the dairy diary is sufficient. It is also a great record of time off for any reason.

Time sheets and records are becoming more common and considered a must as more and more employers have faced claims for wage shortfalls and holiday pay. The Ministry’s stance is if you cannot prove you are right then you are wrong and have to pay. They have no grey areas.

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