

EMPLOYERS' GUIDE PART 4: PAY OVERVIEW

This overview briefly explains your responsibilities as an employer to ensure your employees are appropriately paid for the work they do for you. For more detail or an explanation of any technical terms please refer to the accompanying factsheets. There are two accompanying factsheets in this section:

- Minimum Wages
- Payment of Wages and Salaries

THE EMPLOYMENT ACT REFERS TO REMUNERATION. WHAT IS REMUNERATION? WHAT IS THE DIFFERENCE BETWEEN WAGES AND SALARIES?

Remuneration is not defined in the Act. In Part 5 of the Act remuneration is used to refer to *wages*, *salaries* and other monetary compensation, such as housing allowances, commission based payments and overtime payments. It also includes non-monetary compensation, such as providing a house or a car.

Wage is usually used to refer to payments to employees that are calculated based on the number of hours worked.

Salary is usually used to refer to payments to employees that are not directly related to the number of hours worked, but are an agreed payment per year or month.

These definitions **are not** technical legal definitions, but reflect how most employers in Vanuatu use these words.

WHAT IS THE MINIMUM WAGE?

The minimum wage is determined by law. This sets the minimum amount of payment that you can legally give to employees.

WHAT ARE THE KEY THINGS TO KNOW ABOUT PAYING WAGES OR SALARIES?

The law requires employers to pay employees at regular intervals. It also limits:

- the places where you can make payments;
- the minimum amount of payment ;
- the types of deductions you can make from payments;
- the amounts of deductions you can make from payments.

Employers are also required to make payments into the Vanuatu National Provident Fund (VNPF) and are required to keep records of payment.

WHAT PAY RECORDS MUST I KEEP?

Disputes over pay are common in Vanuatu. It is important that employers are well organised around paying their employees; this include both waged and salaried employees.

Clear records should be kept on pay and pay rates as these are used to determine for example rates for maternity leave, severance pay and other payments. Examples of these include payslips and employer's pay records. A set of tools which you may find useful when establishing and keeping records of payments is included.



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