



MEDIA RELEASE
25 June 2019

ERA DECISION SETS WAGE RATES ABOVE MARKET LEVELS

Retail NZ says that the Employment Relations Authority has set wage rates above local market levels in a case between First Union and Jack's Hardware Ltd of Dunedin.

"It's great news that years of uncertainty about wage rates at Jack's Hardware have now been resolved, but wage rates imposed by the Authority appear to be out of kilter with market rates for equivalent businesses in Dunedin," Greg Harford, Retail NZ Chief Executive said today. "The Authority has ordered that the minimum rate to be paid for staff with no experience will be \$19 an hour, \$1.30 an hour more than the legal minimum wage, and \$1 more than the median wage paid for entry level sales staff in heartland South Island regions.

"While both the Union and the employer are hailing today's decision as a fair compromise, the rates set are higher than those being paid by comparable companies in the regional South Island market. When setting rates, all parties need to make sure that they are taking individual circumstances into account and that any comparisons made between businesses are comparing like for like. It is hard, for example, to compare wage rates paid by a small local store to those paid a large regional business, and it's hard to compare a large regional business to a national or multinational chain.

"Across the retail sector, employers are keen to ensure that their staff are paid well, in order to retain and attract the best talent. However, the average net margin in retail is just 3.7 per cent, so wage increases need to be paid for either by increased sales or increased productivity. Additionally, there is a wide variation in regional pay rates, reflecting the cost of living in different regional centres. Retail NZ encourages employers and employees to negotiate wage rates that take these factors into account, as well as the individual circumstances of each business."

For further information, please contact:

Greg Harford
Chief Executive | Retail NZ
greg.harford@retail.kiwi
027 243 2842