

Wage Supplement to Replace Minimum Wage Exemption

Ensuring disabled New Zealanders receive equal pay for work of equal value

Wellbeing Budget 2023

This initiative provides funding to allow for a wage supplement to replace discriminatory Minimum Wage Exemption permits.

The Government is investing \$37.312 million over four years (2023/24 to 2026/27) to replace the Minimum Wage Exemption (MWE) under which approximately 800 disabled people are able to be paid less than the minimum wage.

- Minimum Wage Exemption permits are discriminatory, as disabled people are the only people in New Zealand allowed to be paid under the minimum wage.
- The Government made a manifesto commitment to replace MWE permits with a wage supplement, ensuring all disabled people receive equal pay for work of equal value. This also aligns with New Zealand's international commitments, including the United Nations Convention on the Rights of Persons with Disabilities, and our commitments under the New Zealand Disability Action Plan 2019-2023.
- After consultation with the disability sector, officials consider that a wage supplement is the only feasible option to replace Minimum Wage Exemption permits while protecting existing jobs.
- Modelling by officials has shown that most, if not all, disabled employees will be better off financially receiving the wage supplement.
- The wage supplement will be operational from approximately late 2024. MSD will design the wage supplement with disabled people and their whānau and with employers using Minimum Wage Exemption permits. Taking time to engage with key stakeholders on the design of the supplement will ensure that we have identified all the necessary supports that employers, disabled people and their whānau might need ahead of and following implementation.
- MSD understands that the transition from MWE permits will require time and effort, and is committed to working with employers, disabled people, and their whānau to ensure a smooth implementation of the wage supplement.