



NCWNZ Action Item Response Sheet

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Document	Minimum Wage (Starting-out Wage) Amendment Bill
Standing Committee/Writer	Employment/Carol Beaumont
Action Item due date	14 November 2012
Responder, eg Name of Branch, NOS, individual	
Number of people contributing to response	

Outline of the Bill

The bill, if enacted would come into effect on 1 April 2013 and would extend the payment of a lower minimum wage (not less than 80% of the minimum adult rate) to a larger group of young people and people undertaking training.

- It would apply for six months rather than the current 3 months
- It is extended to 18 and 19 year olds who have been on a benefit for six months or more (irrespective of previous employment experience)
- The employment experience required is with one employer except for those transferring as a result of a restructuring (currently it could be more than one employer)
- It would apply to 16 -19 year olds as a training rate when undertaking a training course with at least 40 credits a year (currently 60 credits)

It would repeal the current new entrant rate in the Minimum Wage Act which provides for a lower minimum wage for those aged 16 and 17 who are not supervising or training other employees and who have not completed 200 hours or three months of employment (whichever is shorter) and replace it with a starting-out rate.

The **starting-out rate** would apply to employees aged 16 and 17 years who are not supervising or training other employees and who have not completed six months of employment with one employer and to employees 18 and 19 years who have been on a social security benefit for a period of six months or more.

The bill would also extend the payment of a lower minimum wage – **training minimum wage** (not less than 80% of the minimum adult rate) - to those aged 16 to 19 years who are doing recognised industry training involving at least 40 credits a year (currently 60 credits a

year) and who are not supervising or training other employees. For employees over 20 years the credit requirement remains as 60 credits.

The explanation accompanying the bill states its purpose is to “support young people entering the workforce” and to incentivise employers to take on young workers at a reduced rate of pay.

NCWNZ policy

While NCWNZ has no specific policy on youth rates we have long held policy on equal pay for equal work and on pay equity. In recent submissions regarding the minimum wage we have clearly stated that the majority of our members believe that payment should be for the job, not the age of the person. We submitted in favour of the Minimum Wage (Abolition of Age Discrimination) Amendment Bill in 2006.

Questions

1. What justification is there for employing a young person doing the same job as an older person with the same performance requirements, potentially in busier times of the week eg evenings and weekends in retail and hospitality, and paying them a lower rate of pay?
2. What displacement risks are there for higher paid workers ie more experienced young people and older employees who are eligible for at least the adult minimum wage of having an increased pool of potential employees who can be paid lower wages?
3. What likelihood is there that young people employed on the starting-out wage will be replaced close to the time that they are eligible to receive the full minimum wage?
4. What potential impacts will lower wages have on the standard of living of young people and their families and on the ability of young people working to fund tertiary study?
5. What risks are there to other groups disadvantaged in the labour market of saying that a lower rate of pay will increase employment opportunities (note: The Treasury raises the issue of extending eligibility to a wider group of potential employees in the Regulatory Impact Statement)?

The bill can be viewed online and downloaded at:

<http://www.legislation.govt.nz/bill/government/2012/0069/latest/versions.aspx>