

From:
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To:
The Committee Clerk
Transport and Industrial Relations Select Committee
Parliament Buildings
Wellington

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The Youth Union Movement of Aotearoa is the youth representative structure of the NZ Council of Trade Unions, Te Kauae Kaimahi, representing young workers in various unions across many industries in this country. We wish to table this submission on:

The Minimum Wage (Abolition of Age Discrimination) Amendment Bill

We (YUM) are making a submission in support of this Bill.

We enclose 20 copies of this submission. We request to appear in front of the Select Committee to make an oral submission in support of this Bill.

Introduction

1. The Youth Union Movement is made up of young union members and activists from Council of Trade Unions.
2. Our members have identified youth rates as one of the most important issues for young workers, in this submission we argue for the elimination of youth rates for young workers and the introduction of one minimum wage for all.
3. Currently the minimum wage for workers 16-17 is \$8.20. This equals 80% of the adult minimum wage of \$10.25.
4. For workers under the age of 16 there is no minimum wage, and employers can pay as little as they like.
5. The Youth Union Movement believes that the minimum wage for 16-17 year olds should be increased to the same level as the adult minimum wage, and that under 16 year olds should be offered the same minimum wage protections as all other New Zealand workers.
6. We also believe that Section 30 (2) of the Human Rights Act should be repealed, to prevent "payment of a person at a lower rate than another

person employed in the same or substantially similar circumstances where the lower rate is paid on the basis that the first-mentioned person has not attained a particular age, not exceeding 20 years of age". We believe that this section of the HRA fails to protect youth against discrimination.

Support for the BILL

7. Eliminating youth rates is a pay equity issue. We see many workplaces where workers doing exactly the same job and are paid different rates simply based on their age.
8. There are whole industries that currently take advantage of the ability to pay young workers less, for example: retail, quick service restaurants and entertainment. In these areas workers under the age of 18 are working beside older workers, doing the same job, and getting 20%, or as much as 50% less than those over 18.
9. We do not believe that a young person, especially those under 16, has the same ability to negotiate pay and conditions as an older worker and we see this being exploited by some employers.
10. The main argument for maintaining youth rates is that young people have less experience in the workforce. While many young people may have less experience in the workforce this is not true for all young people. We believe that it is indefensible to discriminate against an entire group of people, just because many of that group share a certain set of characteristics.
11. The minimum wage is supposed to be the absolute minimum, and therefore to be paid the full minimum wage, whether you are 17, or 19, should not require any previous work experience. Previous work experience should be recognised in addition to the minimum wage, not assumed to be part of that minimum wage.
12. While many people under the age of 18 are supported by their parents, not all are. For those who are not the argument that they should be sounds very similar to the arguments used last century against equal pay for women.
13. Dignity for young people will not be achieved by expecting young people who are legally able to leave school and seek independence in the workforce to be bound to their parents financially and unable to gain a living wage, a protection offered to any other New Zealand worker.
14. A 17 year old working full-time at the minimum wage would currently take home just \$304 a week. They would have all the same costs to meet as any other worker. This is an amount that offers very little reward for working, and gives young workers significantly lower incomes than those of other workers and below any socially acceptable minimum standard.
15. Workers under the age of 18 who are supporting themselves are particularly disadvantaged by a policy of youth rates.

16. The government's student support policy makes it essential that young workers are able to earn a decent wage, as most post high school students are required to support themselves. Many students leave high school before their 18th birthday. If a worker earns youth minimum rates, then any less than 30 hours a week is almost impossible to live on, even if you cut back on many necessities. 30 hours a week is far too many hours to work when someone is studying at the same time. We have seen people leave their course of study as they were not able to support themselves while they study.
17. It is not just young workers who are supporting themselves who are adversely affected by the lower minimum wage for young workers. One in five children live in poverty. 38% of children at low-decile schools in the Caritas Children's work survey were using at least some of their wages to support their family.
18. Treasury research onto the effect of the Labour government's 2001 changes to the qualifying age for youth rates has shown that changes to the youth minimum wage do not increase youth unemployment.

A Minimum Wage for under 16 year olds

19. Workers under 16 years are the only workers in New Zealand not protected by minimum code entitlements. Many young workers of this age are currently in the workforce. The lack of minimum wage of any sort for these workers leaves them vulnerable to exploitation by employers.
20. As young trade unionists we frequently come across 14 and 15 year olds working long hours for \$5 an hour or less. They are frequently doing the same work as an adult, but have considerably less protection.
21. The recent report by Caritas, revealed that many workers under the age of 16 were working; most of these were working for low wages, and many in exploitative conditions.
22. We reject the argument that there should be exceptions to the minimum wage for certain types of job. Newspaper rounds are one example that is frequently given. Posties are paid more than the minimum wage. We do not believe that the act of putting items in letterboxes loses a substantial portion of its value to an employer just because it is done by someone under the age of 18.
23. We support moves to offer further protections to workers under the age of 16, for example setting a minimum age to enter the workforce, but we do not believe that these are a substitute for instituting a proper minimum wage for those under the age of 16.

Human Rights Act Amendment

24. We seek repeal of Section 30 (2) of the Human Rights Act.
25. This section states: "Nothing in section [22\(1\)\(b\)](#) of this Act shall prevent payment of a person at a lower rate than another person employed in the

same or substantially similar circumstances where the lower rate is paid on the basis that the first-mentioned person has not attained a particular age, not exceeding 20 years of age.”

26. Currently employers can pay 18 and 19-year-old workers doing the same work less than they pay workers over 20 as long as they pay them more than the legal adult minimum wage (currently \$10.25).
27. This creates a situation where 18 and 19 year olds get paid less for doing exactly the same job, or sometimes a job with more responsibility.
28. As youth workers, over time we have seen many situations where for example a 19 year old training a 20 year old is paid 35c per hour less than the person they were training, and many other cases of unjustified wage discrimination on these grounds.
29. This situation is completely indefensible, and clearly discriminatory. Hyslop and Stillman’s research has also shown that the increase in the minimum wage for 18 and 19 year olds did not lead to an increase in unemployment. There is no evidence to suggest that eliminating the ability to discriminate in employment on grounds of age would negatively affect youth employment.

Conclusion

30. The Youth Union Movement calls for the elimination of discrimination on the grounds of age in the minimum wage provisions.
31. We strongly believe that:
 - The minimum wage for those 16-17 should be immediately lifted to the adult rate;
 - A minimum wage at the adult rate should be instituted for those under 16 and;
 - Section 30 (2) of the Human Rights Act should be repealed.