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Submission to the Department of Labour on the Minimum Wage Review

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 51 nationally organised societies and national members. It has 23 branches throughout the country attended by representatives of those societies and some 150 other societies as well as individual members. NCWNZ's function is to represent and promote the interests of New Zealand women through research, discussion and action.

This submission has been prepared by the NCWNZ Employment Standing Committee after consultation with the membership of NCWNZ.

“Mary” works in the elder care sector caring for people in their homes. The base rate is \$13.10 an hour, although she has completed level three training and is required to train new recruits. Neither she nor her colleagues receive extra pay in recognition of these qualifications; in fact the pay rates are the same whether they have done training, have just started with the company or are long-term employees.

Mary says her job is unique, involving as it does walking into the home of a complete stranger, putting that person at ease so she can take off all their clothes and attend to very private bodily functions. Mary and her colleagues possess skills and attributes that you cannot find in any text book.

Mary would like to work 20 regular hours a week. But here is a snapshot of an actual week in Mary's working year:

Monday:	0.50 hours
Tuesday:	1.50 hours
Wednesday:	1.50 hours
Thursday:	1.25 hours
Friday:	8.30am – 9.00am
	10.00am - 11.30am
	11.30am – 1.00pm
	1.30pm – 2.00pm
	Total: 4.00 hours

Total for week: 9.75 hours = \$128

As Mary says, it's not a living wage, yet Mary and 252,800 other New Zealanders who earn less than \$15.00 an hour populate this economic ghetto which is dominated by young people, women, Maori and Pacific and part-time workers.

NCWNZ is dedicated to improving the lives of women and their families. As a broad-based organisation however, with members from all sectors of society, we are also mindful of the need to maintain and foster good working relationships between employees and employers.

The responses of members who provided feedback for the review are detailed below.

Questions:

What impacts have you observed as a result of changes to the minimum wage?

The majority of our respondents agree that given that for some years now the minimum wage increases have been minimal we have seen an enormous increase in people on benefits/low wages having recourse to foodbanks.

Many charitable organisations have reported increasing problems experienced by people in paying for basic costs due to the minimum wage falling below the cost of living.

Many people on low wages have their electricity supplied by Glow Bug, and are consequently living in unheated houses.

Nutritious food is expensive, and many other costs are now part of modern living. Financial distress impacts on everyone in a family with the children of stressed families missing out on opportunities in life, and suffering as a result of discord in the family.

What are the gains or positive impacts likely to be from a moderate increase in the minimum wage rates for the people you represent?

We feel it depends what is meant by 'moderate'. Increases of 25c an hour are too small to be helpful.

A reasonable increase would obviously assist people to pay their rent, food and basic needs. It still would fall short but would be a good start.

Negative impacts of changes to the minimum wage were commented on by only a small sample of respondents. They were concerned to find a balance between paying a higher rate which might be unsustainable for some employers or a lesser rate for long-term, assured employment.

While a few members reported reading press articles on job losses, specifically in the hospitality sector following MWR increases in the past five years, another member asserted there is no real evidence that raising the minimum wage leads to job losses.

Youth rates were the subject of a submission made by NCWNZ to the Transport and Industrial Relations Committee's hearing on the Minimum Wages (Abolition of Age Discrimination) Amendment Bill in April 2006.

At that time NCWNZ reaffirmed its policy of equal pay for equal work, a policy handed down from our founding mothers in 1897 and reaffirmed for almost a century to 1974, when NCWNZ requested the Department of Labour to ratify ILO convention 100 on equal pay for work of equal value.

Again the breadth of experience of our members makes a strong consensus viewpoint difficult, but NCWNZ does not, at this time, resile from the concluding comments that the majority of members agree payment should be for the job, not for the age of the person.

That said, in these more challenging economic times when a third of young people are without regular and gainful employment, a few respondents suggested the re-introduction of a youth rate.

How do you see the minimum wage working with other employment and income-related government interventions? (For example the tax system and social assistance)?

Below are comments made by some of our members:

The government's tax take would be greater, less social assistance would be required, a larger number of people with discretionary income would help the local economy.

If the minimum wage was raised to \$15 per hour, there may be less necessity for state agencies to supplement incomes.

A fair and decent wage should be borne by employers; employers are being enriched by the taxpayer if they are not paying a wage that people can afford to live on.

What sector or industry-specific issues related to changes in the minimum wage are you aware of? In what circumstances or types of work?

The overall response is summed up: Women workers tend to predominate in the minimum wage ghetto, such as working with children, social workers in NGOs, aged care workers, those working with the mentally ill, the disabled and others. Also cleaners, retail and factory workers.

Do you think there are any additional issues relating to minimum wage rates that are relevant to specific groups you represent?

Māori, Pacific Island groups, people with disabilities, migrants, temporary workers, and casual workers also have potential difficulties with maintaining a regular adequate income. Women usually have the prime responsibility for childcare and related costs to consider as well.

What would you consider an appropriate setting for the 2012 adult minimum wage?

The majority of our members canvassed suggested \$15 an hour. They say that a significant increase is required to be useful.

An increase of at least \$0.75c an hour was also suggested by some members. On the basis that many low-paid people work part-time it was observed that the PAYE tax rate of 12.54% for the first \$14,000 and 19.54% for the next \$34,000 cuts the take home pay so that \$0.25 becomes less in the hand.

Why?

Most respondents feel working for anything less is simply not realistic. The cost of living is too great to be sustained on less than this amount. Too many children are living in poverty – two in five from households where at least one adult is working full-time. Wage rises have fallen behind productivity growth.

People should not have to neglect their families and their health by working two or three jobs to make enough to live on.

Are there any other issues you would like to raise in relation to changes to minimum wage rates?

There needs to be a fairer distribution of income in New Zealand. The gap between the highest and lowest rates continues to widen.

The minimum wage rate should be tagged to the cost of living index, and wages should be set by arbitration.

New Zealand has one of the lowest wage rates in the Western world. This is partially because workers have been disadvantaged by the Employment Contracts Act and have very little power in negotiating Individual Employment Contracts.

The need for a minimum wage was one of the first resolutions passed by NCWNZ at its first conference in 1896. We remain committed to the minimum wage as one way to maintain a level of fairness in our wage rates.

Employment equity and opportunity, and the protection of young workers are themes which weave through NCWNZ's history.

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