



NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

Submission
to the
Minimum Wage Review
2016

14 October 2016

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1. Introduction

- 1.1. The New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU) welcomes the opportunity to make a submission as part of the 2016 minimum wage review. The CTU is the internationally-recognised confederation of trade unions in New Zealand and represents 31 affiliated unions. With 320,000 members, the CTU is one of the largest democratic organisations in New Zealand.
- 1.2. The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Nga Kaimahi Māori o Aotearoa (Te Rūnanga) the Māori arm of Te Kauae Kaimahi (CTU) which represents approximately 60,000 Māori workers.
- 1.3. This submission, supporting an increase in the Minimum Wage as from 1 April 2017, is intended to update and highlight points from our longer submission of 2015, which it should be read alongside. Its size does not signal that we place any less importance on Minimum Wage setting.
- 1.4. We have also appended the submission of Stand Up, the youth union movement, in the [Appendix](#) to this document.
- 1.5. New Zealand workers have low wages by the standards of developed countries. The problems this is causing are well known. Three actions are vital in lifting the low wage levels in New Zealand.
- 1.6. Firstly, the minimum wage must be lifted significantly. It represents the wage 'floor'.
- 1.7. Secondly, we need strong increases in productivity so that higher wages can be sustained and continue to be improved. This is a wider policy issue in which the union movement has been actively involved, to which we would like to see a new commitment from government.
- 1.8. Thirdly, we need to ensure that productivity is passed on to workers in their wages. This has not been the case in recent years. The most important and effective step to do this is to strengthen collective bargaining.
- 1.9. An increased minimum wage level is needed as a contribution towards:
 - Addressing the needs of many low income workers
 - Compensating for rising costs

- Narrowing the wage gap with Australia
- Providing a safety net for many vulnerable workers
- Encouraging employers to invest in raising productivity
- Raising New Zealand’s low general wage levels
- Maintaining domestic demand and employment levels
- Reducing New Zealand’s high income inequality
- Reducing poverty and especially child poverty
- Reducing the imbalance in wages between genders
- Improving the position of Māori and Pacific workers
- Increasing labour participation rates, particularly of disadvantaged groups.

1.10. We were disappointed that last year’s “full review” of the Minimum Wage was little more than a wider consultation. We were very disappointed that the recommendations in our submission which addressed wider aspects of the minimum wage were ignored. We continue to advocate a return to the previous system of an annual comprehensive review as the current system provides inadequate opportunity for us to consult at the appropriate level, and prevents other unions and community groups from also submitting.

2. The wage level

2.1. Our preference is for an immediate rise in the minimum wage to 66 percent of the average ordinary time wage to set a clear base. For the minimum wage from 1 April 2017 we estimate this to be \$19.88. It is calculated as follows: the average ordinary time wage as at March 2016 in the Quarterly Employment Survey was \$29.47 an hour and we allow for the 2.2 percent increase in average ordinary-time hourly wages in NZIER’s Consensus forecast¹ to take it to \$30.12 by the end of March 2017. Taking 66 percent of this amounts to \$19.88.²

¹ Available at https://nzier.org.nz/static/media/filer_public/1a/42/1a428fdb-a2a7-44a1-b18a-c2ab885e67bd/consensus_forecasts_sept_2016.pdf

² We do not use the Treasury BEFU 2016 forecast as we have in previous years because at 1.4 percent it is clearly too low when the annual increase in the average hourly wage to March 2016 was 2.4 percent and to June 2016 was 2.2 percent (and 0.6 percent in the June quarter alone).

- 2.2. An alternative would be to move to this position over three years. Using NZIER’s Consensus forecast increases of 2.5 percent for the year to March 2018 and 2.8 percent for the year to March 2019, the average wage would reach \$31.74 in March 2019. This would imply a target of a minimum wage of \$20.95 as from 1 April 2019. Three equal percentage increases of 11.2 percent in the interim would take it to \$16.95 as from 1 April 2017, \$18.84 as from 1 April 2018, and \$20.95 as from 1 April 2019.
- 2.3. Some employer groups will counter that increases impose unbearable costs on employers. But low wages in New Zealand are more than a social issue or a debate about the balance of competing interests. Low wages have become an intrinsic barrier to economic development in New Zealand with international salary differentials limiting New Zealand’s ability to attract or retain (particularly) skilled workers.
- 2.4. The public picks up the tab from poor pay and poor business practices through wage subsidies (such as Working for Families), through the greater burden on the welfare system exacerbated by low incomes with their attendant health and education problems, and through poor productivity performance in firms relying on low pay rather than adding greater value.
- 2.5. As the Reserve Bank has noted consistently in its OCR reviews and Monetary Policy Statements for several years now, wage growth is being suppressed by high net immigration – for example in its most recent statement (22 September 2016): “High net immigration is supporting strong growth in labour supply and limiting wage pressure”³. Treasury (Treasury, 2015 at para. 26) has also advised the Minister of Finance that

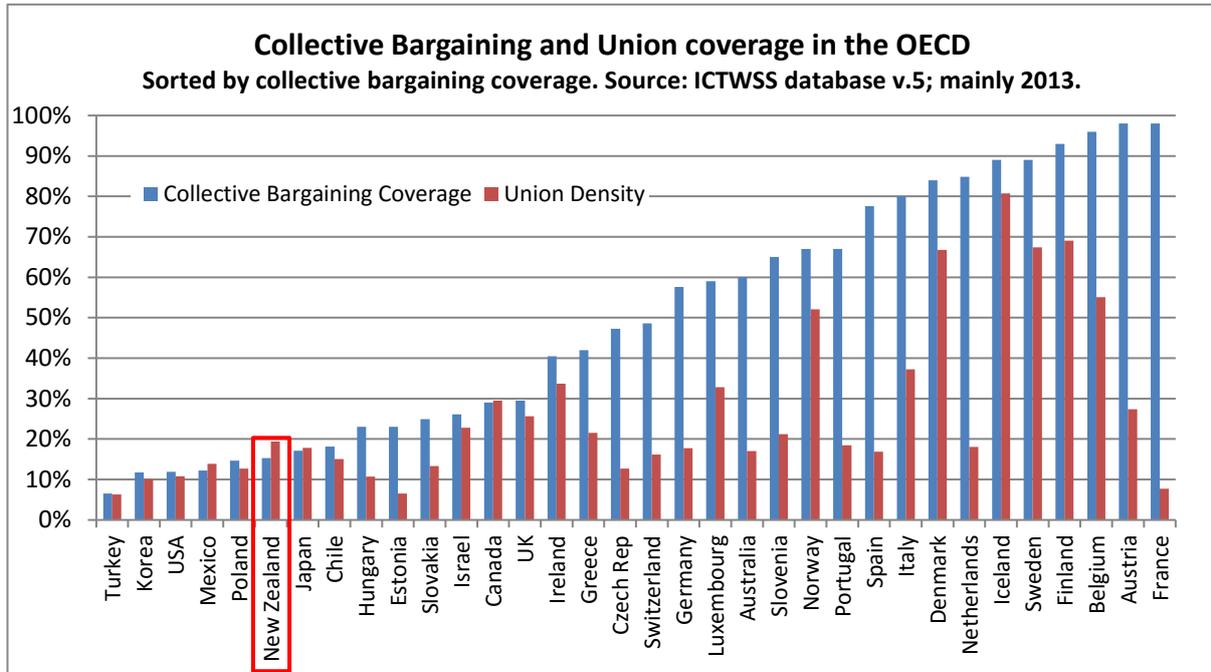
... current policy settings may not be doing all they can to support the growth of higher productivity firms and industries, including facilitating the flow of higher skilled migrants to sectors of the economy where skill shortages may be acting as a significant constraint. In addition, our current approach to selecting migrants may have encouraged reliance over time on lower-skilled labour in some parts of the economy. This may have been discouraging some firms from either increasing wages and working conditions or investing, either in training existing workforce or in capital.

- 2.6. While these fall short of direct evidence of wage suppressing effects, it is reasonable to expect such effects in the absence of clear evidence to contrary. A rise in the

³ Available at <http://www.rbnz.govt.nz/news/2016/09/official-cash-rate-unchanged-at-2-percent>

minimum wage reduces this risk and at the same time protects migrants and existing workers, subject to sufficient enforcement by either labour inspectors or unions.

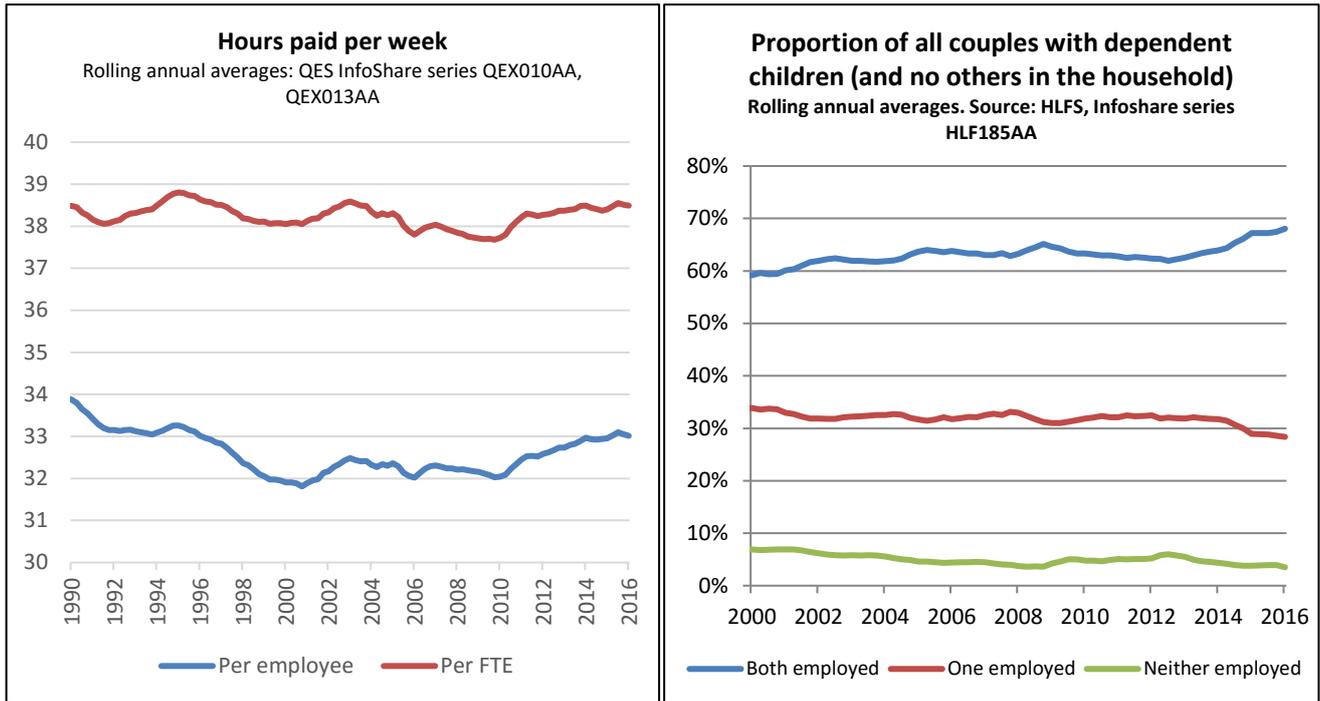
2.7. Low levels of collective bargaining by OECD standards are also suppressing wage growth (see following figure). Though reports of skill shortages are increasing, wage growth is still subdued.



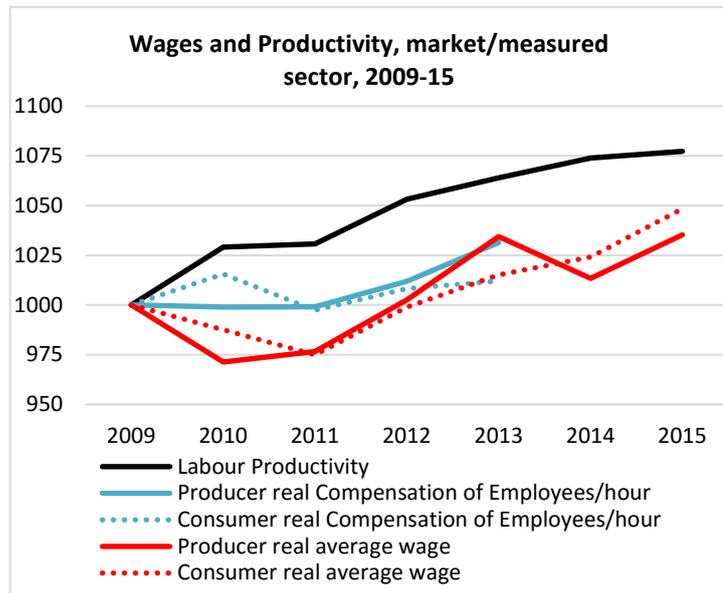
2.8. Rising labour market participation rates may well be driven by both punitive social welfare policies and low incomes. As the following graphs illustrate, hours worked per employee (whether per person or per FTE) and the proportion of two-earner households are both on the rise after levelling or falling in the previous decade. Statistics New Zealand report that in the year to June 2016, average weekly hours worked by wage and salary earners increased 0.8 hours or 2.2 percent to 37.0 hours a week. Even people working full-time were working longer hours: they worked on average 0.5 hours or 1.1 percent longer, bringing the average to 42.6 hours a week. More people were working full time rather than part time (Statistics New Zealand, 2016, p. 6). Record household debt levels as a proportion of household disposable income⁴, rapidly rising housing costs and a sharp increase in numbers of applications for hardship withdrawals from Kiwisaver accounts are other indicators of household stress⁵.

⁴ Reserve Bank series C21 to June 2016, released 9 September 2016.

⁵ Kiwisaver Annual Report 2016, p. 13, available at <https://fma.govt.nz/assets/Reports/161004-FMA-KiwiSaver-Report-2016.pdf>



2.9. The economy can afford higher wages. Between the lowest point in the recession, 2009, and 2015, the most recent productivity statistics available from Statistics New Zealand, labour productivity increased 7.7 percent in the market economy (the “measured sector”). Over the same time, the average wage for the same sector rose 4.8 percent in real terms relative to CPI, and 3.5 percent relative to the GDP deflator (a measure of product prices which takes costs into account). A wider measure of wage costs, compensation of employees per hour paid⁶, between 2009 and 2013 (the latest it can be calculated for) rose only



⁶ Calculated from the Compensation of Employees aggregate for the measured sector from the National Accounts, divided by hours paid, obtained from Statistics New Zealand. Compensation of Employees includes not only wages and salaries but other benefits such as employer contributions to superannuation, medical insurance contributions, and ACC levies. The average wage is calculated for the measured sector from the Quarterly Employment Survey.

1.2 percent after CPI, and 3.1 percent after GDP deflation compared to a 6.4 percent rise in labour productivity over that period.

- 2.10. Wages have therefore fallen well behind productivity growth over this period and the economy can afford a significant catch-up.
- 2.11. New Zealand's wage system has not ensured that a fair share of the growth in productivity flowed into workers' bank accounts. The minimum wage is the only direct means the government has to address this misallocation of resources and should use it to do so. We are not suggesting that the minimum wage can or will fix the breadth and depth of this problem, which requires changes to employment law to strengthen collective bargaining among other measures, but strong rises in the minimum wage would be an important and very useful step.
- 2.12. It is also important to acknowledge the ability of wage rises to encourage productivity growth. We address this reverse causality, from wage rises to productivity gains, in more detail in our 2015 submission.
- 2.13. We are not advocating policies that lead to widespread layoffs and job losses, but it is wrong to omit these considerations from policy making, with long-term consequences.
- 2.14. Our 2015 submission presented and updated the now strong international evidence that rises in the minimum wage have very small or no effect on employment or unemployment.
- 2.15. It also reiterated our concern that the model used by MBIE to estimate the employment effects of increases in the minimum wage takes the latest research sufficiently into account. We made a number of recommendations regarding it which appear to have been ignored by MBIE. We reiterate them.
- 2.16. The minimum wage in New Zealand currently stands at 82 percent of the Australian federal minimum wage converted on the exchange rate⁷ and only 65 percent for casual workers, given that the Australian minimum wage has a 25 percent loading for such workers. These differentials are less than last year but the reduction is almost entirely due to the fall in the Australian exchange rate with New Zealand (otherwise the ratios would have been 78 percent and 62 percent respectively

⁷ Calculated at an exchange rate of NZ\$1.00 to A\$0.9481, the average conversion rate in August 2016 according to the Reserve Bank of New Zealand.

compared to 77 percent and 62 percent last year). In purchasing power (using OECD comparative price level data), the New Zealand minimum wage is 84 percent of the Australian minimum wage, lower than the 87 percent last year, and 67 percent including the casual loading. The New Zealand minimum wage is even further behind Australia's system of minimum wages under its Modern Award and National Minimum Wage Order system.

- 2.17. While Working for Families softens the effects of low wages for those households who qualify, some minimum wage workers do not qualify and its benefits are weakening as a result of thresholds not being adjusted for inflation. The government forecasts it will spend \$2.392 billion on it in the year to June 2016 and \$2.352 billion in the year to June 2017⁸ compared to \$2.796 billion in the year to June 2010⁹ – worth \$3.066 billion in June 2016 dollars. There has therefore been a sharp fall in Working for Families support (22 percent between 2010 and 2016) in real terms.
- 2.18. In any case, a higher minimum wage still has an important role to play in reducing New Zealand's high level of inequality. It raises the wage floor and, indirectly, wage expectations. It tends to compress the wage distribution, particularly in the lower half of the distribution. Belman and Wolfson (2014, p. 336) conclude from their survey of research on the minimum wage and wage inequality that "higher minimum wages reduced wage inequality by raising the wages of those in the lower tail of the earnings distribution", including "spillover into higher deciles of the wage distribution, particularly among women". Maloney and Pacheco (2012) show that in New Zealand, the strong rises in minimum wages over the 2000s disproportionately benefitted low income households.
- 2.19. The minimum wage is low compared to minimum wages for workers covered by collective agreements. Currently, the average minimum printed weekly wage in collective agreements surveyed by the Centre for Labour, Employment and Work at Victoria University is \$715, or \$17.88 per hour based on a 40-hour week¹⁰. This is \$105 higher than the current weekly minimum wage of \$610.

⁸ Budget Economic and Fiscal Update 2016, p. 126, Table 6.2.

⁹ Budget Economic and Fiscal Update 2013, p. 116, Table 6.2.

¹⁰ Provided by CLEW to the CTU.

- 2.20. Rises in the cost of living do not affect all workers equally. On 6 October, Statistics New Zealand published price indexes for households with different incomes and expenditure for the period June 2008 to September 2015¹¹. It shows that between June 2008 and September 2015, the lowest income 20 percent of households experienced annual inflation at a considerably higher rate than the highest income 20 percent: at an average annual rate of 2.1 percent compared to 1.3 percent (on a payment-based framework, so not directly comparable to the CPI).
- 2.21. In addition, it is well known that home ownership is becoming increasingly unaffordable, and this is not well represented in these price indexes.
- 2.22. Given the evidence that higher minimum wages can increase equity and productivity and considering the relative strength of New Zealand's economy, the minimal real wage increases since the recession began, the recent weakening of other employment protections, and the history of low wages in New Zealand, the New Zealand Government can and should signal that low wages will not be tolerated in this country through a significant rise in the minimum wage.

3. Other considerations

International conventions

- 3.1. Article 7(a) of the International Covenant on Economic Social and Cultural Rights ('ICESCR') and article 23 of the Universal Declaration of Human Rights call for State Parties to recognise the right of everyone to "[f]air wages and equal remuneration for work of equal value without distinction of any kind" and a "decent living for themselves and their families." Through ratification of ICESCR, New Zealand has committed to progressive realisation of these rights. Changes to the minimum wage setting process are a step backwards.
- 3.2. New Zealand has committed to the constitution of the ILO which incorporates the Declaration of Philadelphia. Article III(d) of the Declaration states that governments have a responsibility to pursue "policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection."

¹¹ See http://www.stats.govt.nz/browse_for_stats/economic_indicators/prices_indexes/hlpi-backgrd-paper-oct-16.aspx

- 3.3. ILO Convention No. 131 on Minimum Wage Fixing provides a more modern and effective framework for consultation on wage fixing than ILO Convention No. 26 on Wage Fixing Machinery (which came into force more than 80 years ago). The ILO has urged New Zealand to consider ratification of this convention for several years. We believe there are few and minor obstacles to ratification and recommend that work should begin towards ratifying it.
- 3.4. The minimum wage must also be seen in the context of progressing the United Nations Sustainable Development Agenda 2030¹², which has been ratified by all Member States including New Zealand, and came into effect earlier this year. Ensuring decent employment conditions to sustain healthy people and healthy development is an integral part of the suite of economic, social and environmental objectives to reduce inequity within and between nations, end poverty, and ensure a sustainable future for the planet and its inhabitants. Goal 8 calls for nations to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” and has relevant sub-goals. In addition “crucial aspects of decent work are broadly rooted in the targets of many of the other 16 goals”.¹³

The Living Wage

- 3.5. The call for a Living Wage for workers in New Zealand continues to gain support because of public concern about too many New Zealanders on very low wages. The Living Wage – a wage calculated to support a household of 2 adults and 2 children on 1.5 incomes – was adjusted in February 2016 to \$19.80 an hour. A Living Wage aims to not only ensure access to the basic necessities of life but also to provide sufficient income to enable social inclusion.
- 3.6. There are now 57 accredited Living Wage Employers – 30 more than a year ago. They range across hospitality, security, social services, NGOs and food processing sectors. The uptake in employers seeking accreditation, and willing to pay wages that ensure people have enough to live on and participate meaningfully in their communities, is a reflection of the strong support for the concept that wages should be “liveable”.

¹² <http://www.un.org/sustainabledevelopment/development-agenda/>

¹³ <https://sustainabledevelopment.un.org/topics/employment>

- 3.7. The Living Wage has been a feature of local body elections in all the main centres: Auckland, Wellington and Christchurch and other cities too: Porirua, Palmerston North, Hutt City and Nelson. A unanimous remit was recently passed by Greater Wellington Regional Council to become the first regional council in the country to be a Living Wage employer.

The starting out and training rates

- 3.8. We reiterate that the CTU opposes the 'Starting Out' rate and advocates moving back to the position where the minimum wage applies fully to those aged 16 years and over. This is strongly supported by Stand Up, the youth union movement, in their submission in the [Appendix](#) to this document.
- 3.9. Changes introduced by the Minimum Wage (Starting-Out Wage) Amendment Act 2013 mean that the training rate for under-20s meets none of our criteria for support and we recommend that this rate is repealed along with other youth subminimum rates.
- 3.10. According to the National Survey of Employers 2014/15 (Ministry of Business, Innovation and Employment, 2016, p. 9) the starting out rate and training rates are seldom used. Only 2 percent of employers had used the starting out rate and only 1 percent of employers used the training rate.
- 3.11. We propose that MBIE undertakes research on the extent to which starting out and training rates are used and the quality of the training received while they are paid less than the full adult minimum wage.

Low Pay and Insecure Work

- 3.12. The current minimum wage protection provisions exclude an unacceptable number of workers and are increasingly ineffective at extending protection to non-standard working arrangements like contracting. The growth of non-standard work undermines healthy and safe working conditions and secure and acceptable incomes.
- 3.13. Low wages force workers into insecure employment and to work very long hours or taking on other jobs. It remains common for low-paid cleaners, aged care and home support workers to be working long hours, day and night in multiple jobs.

- 3.14. Together low wages and insecure work undermine the purpose of a minimum wage, which is to ensure people have enough to live on. For that, the number and certainty of hours matter as well as the hourly wage rate.
- 3.15. Changes in welfare policy have contributed to an even more problematic interaction between low pay, insecure hours, and the taxation system. We referred to this in our 2015 submission.
- 3.16. There is insufficient information on the relationship of low wages to employment conditions, health and safety, and employment representation, protection and rights in New Zealand.
- 3.17. We reiterate our recommendation for a government agency to be gathering both quantitative and qualitative information about the prevalence of low pay in New Zealand including the ethnic, migrant and gender aspects of low pay, and to monitor, collect and publish this information.

Minimum Wage Exemption Permits

- 3.18. We have repeatedly urged a review of the minimum wage exemption permits system which enable the payment of appallingly low wages. The current permit system embeds discrimination and does not reflect modern disability empowerment principles.
- 3.19. While there has been a decrease in the numbers of people on minimum wage exemption permits, our expectations are the same as those of disabled persons groups such as People First: the elimination of minimum wage exemption permits.
- 3.20. We appreciate there is an interaction for some people on minimum wage permits with the benefit system and this needs to be duly considered in any changes. Despite commitments to keep us involved in this work we have not participated in these promised discussions.
- 3.21. Anecdotal information that we have is that while businesses want an increase in subsidies for employing workers on minimum wage exemption permits they are resistant to mechanisms to guarantee these are translated into higher and fair wages for disabled people.

Gender Pay Gap

- 3.22. Consideration of the different pay levels between men and women and the gender pay gap as expressed in hourly wages should be a major criterion in deciding the level of the minimum wage.
- 3.23. The embedding of minimum wages in the care sector was the driver behind the case that the Service and Food Workers Union – now E tū! - took on behalf of low-paid care worker, Kristine Bartlett. The case and the accompanying campaign publicly highlighted the very low wages in the care sector despite these workers having significant job responsibilities, skills levels and the job being highly valued by society. It established a mood for change.
- 3.24. It was the Courts' findings that the wages of thousands of care givers breached the Equal Pay Act that caused the Government to make an offer to negotiate. Government negotiators have committed to making a formal equal pay offer to union negotiators (representing the PSA, E tū, NZNO and NZCTU) in early November.
- 3.25. If an equal pay offer is made and ratified it will bring a much overdue lift in the wages of thousands of care workers in the New Zealand work force and take them off minimum or close to minimum wages.
- 3.26. Recognising the mood for equal pay the by the Government of the Joint Working Group on Equal Pay Principles was welcome and good work has been done in establishing a process for the implementation of equal pay for work of equal value for other groups of underpaid workers in female dominate sectors. The inclusion of these principles in the Equal Pay Act 1972 and their implementation will bring substantial increases in weekly take home pay levels for working people and their families.
- 3.27. The latest data from the Labour Market Statistics (Income) demonstrates the lack of progress in closing the gender pay gap. With women's average hourly earnings at \$26.02 compared to \$30.11 for men there is a 13.6 percent wage gap, which is not statistically different from the 13.8 percent gap in 2015. The ethnic gender pay gap is even greater. Using average hourly earnings as the measure, Māori women earned \$23.28 an hour, Pasifika women earned \$21.57 an hour compared to the average wage of a European/Pakeha man of \$31.81.
- 3.28. The survey also shows that the median wage for 15 to 19 year old female wage and salary earners was exactly (or within a few cents of) the minimum wage for 2016

(\$15.25) and all years back to 2005. So at least half of these young workers (53,600 in 2016) are on the minimum wage.

3.29. Our affiliate the Public Service Association (PSA) reports:

3.29.1. In 2013 we commissioned a survey of our membership by the Centre of Labour, Employment and Work at Victoria University. This survey, known as Workplace Dynamics¹⁴ was subject to further analysis by sector. This revealed that 75 percent of respondents in the community sector were female, compared to 68.6 percent in the whole sample of respondents in the PSA as a whole.

3.29.2. The predominance of female workers in minimum wage confirms the impact of gender in determining pay: a substantial increase in the minimum wage would therefore contribute to a reduction in the gender pay gap and would have wider social and economic benefits. Evidence shows that increases in income for women are spent in ways that are beneficial to their children¹⁵.

Enforcement

3.30. A significant issue with the minimum wage is the lack of enforcement of its provisions in several sectors and for vulnerable groups of workers.

3.31. The Employment Relations Amendment Act 2016 and the Minimum Wage Amendment Act 2016 provide a range of new tools for labour inspectorates (and to a lesser extent for workers) to combat serious breaches of employment standards (including failure to pay the minimum wage).

3.32. Among these changes are several that the CTU has advocated for several years including the ability of workers to seek penalties for breaches of the Minimum Wage Act 1983 (where previously this right was reserved solely for Labour Inspectors). Provisions creating possible personal liability for those involved in breaches along with possible banning orders for the worst offenders are very much needed and welcome. These complement changes to the Immigration Act 2009 criminalising migrant exploitation.

3.33. However, there remains a significant problem with a system that is strongly dependent on the intervention of the labour inspectorate to function given the

¹⁴ http://www.victoria.ac.nz/som/clew/publications/PSA-Report_Workplace-Dynamics-in-NZ-Public-Services-2013_Amend.pdf

¹⁵ UN Women (2015), "Facts and Figures: Economic Empowerment", <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#notes>

extremely low number of labour inspectors and the magnitude of the issues they are required to face.

- 3.34. We have noted the inadequacy of the current labour inspectorate resource (55 labour inspectors for more than 2.2 million workers) in other submissions, including previous Minimum Wage Review submissions. This is significantly less than half the equivalent Australian ratio. This issue is compounded by the unfolding issue of massive non-compliance with Holidays Act 2003 entitlements. To deal with this problem and migrant exploitation, the labour inspectorate has discontinued reactive investigation of complaints outside of migrant labour and systemic issues for massive employers. While neither we nor the Government have publicised this issue (for obvious reasons of not signalling to non-compliant employers that they need not fear a knock from the inspector) this is a massive problem.
- 3.35. The Government needs to scale up the resources of the labour inspectorate to ensure that workers have an effect avenue to raise issues of non-compliance

Minimum Wage Amendment Order

- 3.36. In May 2014 the Government passed the Minimum Wage Amendment Order introducing a new fortnightly threshold for assessing hours worked where the wage was not expressed hourly, daily, weekly or as a piece rate.
- 3.37. A move to fortnightly averaging allows an employer to offset payments payable to a worker for work in one week against payments due to the worker in the following week towards the minimum wage rate.
- 3.38. A simple example illustrates this. A salaried adult worker earns \$710 in one week and \$510 dollars in the next week. Under the previous Minimum Wage Order, they have a claim in relation to the second week and under the amended Order they do not.
- 3.39. The new calculation represents an example of very poor policy making under lobbying pressure. We urge the Minister to amend the Minimum Wage Order to remove the unnecessary and destructive fortnightly rate.

4. Addressing the Objectives of the Minimum Wage Review

- 4.1. The Government's objective for the Minimum Wage Review is

To keep increasing the minimum wage over time to protect the real incomes of low-paid workers while minimising job losses.

- 4.2. The CTU believes that the revised objective contains two flawed assumptions. The first is that the minimum wage is currently at the correct level and therefore should only be increased in order “to protect the real incomes of low-paid workers.” This fails to recognise the significance of the minimum wage as a macroeconomic lever to address issues of social justice, income inequality, poverty and improvement of the position of disadvantaged groups.
- 4.3. We do not believe that this narrow consideration adequately guarantees citizens’ rights to “a just and favourable remuneration” under article 23(2) of the Universal Declaration of Human Rights or to provision of an adequate living wage under the Declaration of Philadelphia.
- 4.4. The second flawed assumption is that increasing the minimum wage leads to significant job losses. See above and Section 5 of our 2015 submission for further details.
- 4.5. We encourage the Government to recognise the importance of increasing the minimum wage as a tool to improve social outcomes, productivity and social justice and to recognise these as ‘other factors’ in terms of the criteria for assessment.
- 4.6. The minimum wage review is a significant annual opportunity for the Government to intervene to support those on low incomes. That requires a broad-based enquiry against rigorous and balanced criteria along with widespread consultation. Narrowing the criteria and limiting the depth of the review are retrograde steps.
- 4.7. A number of questions were asked in the invitation to contribute to this year’s review. Our responses are as follows, but please also refer to the submission by Stand Up, the youth union movement, in the [Appendix](#) to this document.
1. ***What impacts have you observed as a result of changes to the minimum wage? (You may wish to discuss the April 2016 increase, and/or increases over the past 5 years. Please define the time period you are discussing).***
- 4.8. Evidence of the impacts of changes to the minimum wage are spread throughout our submission above and in our 2015 submission.

- 4.9. We have provided evidence that the minimum wage is too low in relative terms and that growth in the minimum wage has slowed significantly (or reversed in the case of the minimum wage for young people) since 2008.
- 4.10. The slow growth of the minimum wage disproportionately affects part-time workers, women, under-25s, Māori, Pacific, Asian and other ethnic minorities along with those in service-related, residential care, retail and hospitality industries.
- 4.11. A low minimum wage keeps New Zealand’s general wage levels low and traps many workers and employers in a low-wage low-skill equilibrium. It consequently has negative consequences for productivity, equality, poverty, the gender pay gap and labour participation rates.
- 4.12. Evidence is clear that increases in the minimum wage have not appreciably increased unemployment nor impacted employment. There are much more significant effects currently on unemployment from high net immigration and policies harsh work requirements for social welfare beneficiaries, both of which are subject to government control and influence.
- 4.13. For many workers on or near the minimum wage their pay is kept low not only by their employer but by the level of government funding of their employer. This is particularly true in the aged and home care sectors. We return to this below.

2. *What are the gains or positive impacts likely to be from a moderate increase in the minimum wage rates for the people you represent? (The minimum wage rate increased by 50 cents per hour in 2016).*

- 4.14. The use of the term “a moderate increase in the minimum wage” suggests some predetermination in the minimum wage review or begs the question of what constitutes a moderate increase.
- 4.15. An increase in the minimum wage that is greater than the increase in the cost of living and raises the minimum wage towards two-thirds of the average wage will assist in making New Zealand a more equal society including by narrowing the gender pay gap. It is likely to assist in raising productivity.
- 4.16. A rise in the minimum wage towards a ‘living wage’ is more consistent with New Zealand’s international treaty commitments and is good for New Zealand’s international reputation.

- 4.17. For many low paid workers, the minimum wage increase is the only increase they receive.
- 4.18. However some of our affiliates also note that it is common for workers just above the minimum wage not to get the same increase unless it results in their pay or pay scale falling below the new rate. While unions work to remedy this, it limits the impact of a “moderate” increase in the minimum wage.
- 4.19. For low paid workers the basic issue is to gain more income for them and their families. There are growing concerns about the ‘working poor’. The MSD’s 2016 Household Incomes Report shows that “around two in five (40%) poor children still came from working families” (Perry, 2016a, p. 146), a third of children in more severe hardship (showing 11 or more of the 17 indicators of deprivation) are from working families, and at less severe hardship levels (7 or more of the 17), half are from working families (Perry, 2016b, pp. 58–59). Housing costs are having an increasing impact on working families.

3. *What costs or negative impacts are likely from a moderate increase in the minimum wage rates for the people you represent?*

- 4.20. See discussion of “moderate increase” under question 2 above. We do not believe an increase of that size sufficiently addresses the problems faced by low income workers and the other issues we have discussed, including low wages more generally. It would only marginally assist low income workers. For many, it is still a poverty wage. Employers who pay close to the minimum wage only match the new rate.

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

- 4.21. Having enough on which to live depends on hours worked as well as the rate paid, and on the benefit and tax systems. For many workers, there is an increasingly toxic mix of insecure hours (or indeed employment), the rules in the welfare benefit system and the taxation system, including Working for Families tax credits, that tend to render impotent the rationale for Minimum Wage laws. This is further exacerbated by weak enforcement of the minimum wage rate, inadequate rises in the hourly rate, and artifices such as that in the Minimum Wage Amendment Order, described above, designed for employer convenience rather than employee protection.

- 4.22. In the 2014 review we reported a number of cases where the lives of low wage workers were made even more difficult by their interactions with WINZ and IRD, and the conflicting or poorly matched policies each of them is required to follow with regard to thresholds, abatements, work requirements and so on. The Government is at pains to remove compliance costs from business (to the point at times of removing compliance) but is if anything increasing compliance costs to people accessing the social security system. For them these stresses add to the problems that forced them to access the social welfare system in the first place. We have no reason to believe this is not still happening, though it is not universal.
- 4.23. We emphasise that this is *not* a reason to restrict increases in the minimum wage. The problem is in the often punitive design of the welfare system, the design of Working for Families, and the administration of them by WINZ and IRD. Workers would rather get an adequate income from their employer rather than relying on state top-ups with all the difficulties this involves, especially if their hours change during the year, but it is essential to have a strong social security system.
- 4.24. We discussed these matters in detail in our 2014 and 2015 submissions, to which we refer you.
- 4.25. Last year we recommended that a work programme be undertaken to consider the interaction between the minimum wage, regulation of work hours, insecurity of employment and work hours, the benefit system and the taxation (and tax credit) system. To our knowledge this has not been taken up, but we urge that this be reconsidered.
- 5. *What sector or industry-specific issues related to changes in the minimum wage are you aware of? In what circumstances or types of work?***
- 4.26. The growth of salarisation to reduce workers' pay following the May 2014 Minimum Wage Amendment Order is a growing concern.
- 4.27. Several industries with female-dominated workforces such as residential aged care have large cohorts of workers at or near the minimum wage (see below). This has a significant impact on the gender pay gap.
- 4.28. There are many issues in home support where there is a preponderance of part time, casual workers with highly variable hours of work. While some (such as "in-between travel") are being addressed, many remain.

- 4.29. As described above, we are concerned about the still inadequate enforcement. The added complexity of two-week averaging, 'starting out' and trainee rates alongside the growth of non-standard work arrangements, insecure jobs and highly varying hours (including 'zero hour' contracts) make this a toxic mix which invites exploitation.
- 4.30. In industries heavily dependent on government funding, there are significant issues regarding pass-on of the minimum wage increase and maintaining relativities for those above the minimum wage.
- 4.31. The PSA comments:
- 4.31.1. The PSA has several thousand members employed on or just above the minimum wage, mainly for community organisations or programmes funded by the government. It is disappointing that the Government does not lead the way in ensuring that the people working in its contracted services are paid an adequate living wage.
- 4.31.2. Most of these are home support workers who go into the homes of vulnerable elderly and disabled people to provide personal care, and personal care and support. The work is complex with high levels of responsibility but the wages are low and many of the workers do not have regular hours or job security.
- 4.31.3. We also have other pockets of members who are on the minimum wage. Examples from other sectors include library shelvers and seasonal life guards in local government. In the public service we have family home domestic cleaners and care workers in Child Youth and Family.
- 4.31.4. We are seeking a significant increase in the minimum wage as an outcome of this review.
- 4.32. The New Zealand Nurses Organisation (NZNO) supports the PSA's view on a living wage and states:
- 4.32.1. NZNO has several thousand members employed mainly as health care assistants (HCAs), working in aged care. They are predominantly women, Māori and Pacific, migrants and other vulnerable people on or just above the minimum wage. Many of them are forced to have two or three jobs both because of low rates of pay and because of lack of guaranteed hours. It may be relevant to note that the current vagueness with regard to what constitutes a working week contributes to insecure incomes and work, and to high turnover.
- 4.32.2. Rises in the minimum wage have 'wiped off' lower rates in some collective agreements in aged care, the effect of which has been to limit pay progression somewhat. However, for some of our members and many others, rises in the minimum wage represent the only rise they will receive and does at least set a baseline from which to bargain.
- 4.32.3. Aged Care employers are essentially all minimum wage employers, and expect all minimum wage increases to be funded through DHB Age-Related

Residential Care Agreements (ARRC contracts), not out of their profits. For example this year, several aged care contractors argued that most (0.8%) of the 1% funding increase under the ARRC contract was used for pay for the minimum wage increase and accordingly their offers were very low: 0.2% or 0.3%. Some limited even those offers to those employees who did not get the minimum wage increase.

4.32.4. The aged care sector, which has the highest proportion of low paid and minimum wage health workers, is also the sector that has lowest professional wages, highest turnover and highest number of professional conduct cases, and that that has a significant adverse impact on the health workforce as a whole.

4.33. The PSA also observes as follows:

4.33.1. The complex interface between government funding of outsourced community and public services and minimum wage increases needs to be acknowledged and addressed by the Government. The minimum wage (or a wage slightly above the minimum) has become the default wage for outsourced services that were formerly provided directly by the government.

4.33.2. In order to maintain skill margins, an employer needs to be able to fund both the increase in the minimum wage as well as the wages just above this. Without compensatory funding - which covers both the increase in the minimum wage and allows for skill margins to be maintained - cuts to services may occur to make up the funding shortfall. This poses risk for the workers in the services as well as the clients that they care for and support.

4.34. These are vital points which impact on many members of several of our affiliates and on the ability of their employers to pay fair wages which recognise skills and gender equality. It is essential that firstly, increases in the minimum wage are fully funded by the government, and secondly that funding levels are reviewed to remove growing pay inequities and pressures on the level and quality of services.

4.35. According to the June 2016 Labour Market Statistics (Incomes), half (50.3 percent) of 15-19 year old wage and salary earners work in the Retail Trade and Accommodation industries, which include one of New Zealand's fastest growing industries, tourism. In some areas such as Queenstown it faces growing problems of lack of accommodation for people working in the industry who can ill afford rocketing housing costs on the very low wages that dominate. Yet at least half of these young working people are on the minimum wage (or lower): the median wage for both males and females in this industry is the 2016 minimum wage of \$15.25. Women are 61 percent of these people. It should be a matter of embarrassment to New Zealand that one of its largest and fastest growing export industries is based so heavily on low wage jobs.

6. Do you think there are any additional issues relating to minimum wage rates that are relevant to specific groups you represent? (eg: women, Maori, Pacific Island peoples, people with disabilities, migrants, temporary workers, SME's or employers?)

- 4.36. The re-introduction of youth sub-minimum wages in the form of the starting out wage has significantly disadvantaged young people in a discriminatory and unfair manner. There is little or no evidence that cutting their wages will result in more work, or indeed that most employers really want it. We are strongly opposed to any form of discrimination in pay rates that lowers those rates, whether on the basis of age, disability or jobs traditionally performed by women.
- 4.37. Our affiliates are aware of situations where migrants have not been paid even the minimum wage. This is a growing problem which the labour inspectorate is well aware of but we doubt there are sufficient inspectors to adequately address the situation.
- 4.38. Very low pay rates put pressures on families in other areas such as health, education and family life especially because of the long hours workers have to work to earn a liveable income. There is more impact on Māori, Pacific Island and migrant families as they are disproportionately in these groups.
- 4.39. Also refer to the issues raised by Stand Up, the youth union movement, in their submission in the [Appendix](#) to this document.

7. What would you consider an appropriate setting for the 2017 adult minimum wage? Why?

- 4.40. See section 2.

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

- 4.41. See above. We urge the Government to reinstate wider consultation and consideration of social justice and equity factors in the setting of the minimum wage.
- 4.42. We believe that the Government should consider ratification of ILO Convention No. 131 on Minimum Wage Fixing as representative of best practice in this area.

9. Of the people you represent or employ:

a. What portion of workers are directly affected by the minimum wage?

b. How long do people tend to remain on the minimum wage? What factors affect the length of time someone is paid the minimum wage?

c. Are the wages of people earning above the minimum wage increased as a result of minimum wage increases? Please describe.

d. Are any changes made to improve productivity to adjust for the cost of a minimum wage increase? Please describe.

e. What effect has increases to the minimum wage had on business growth?

f. What effect have increases to the minimum wage had on the hours worked by workers?

- 4.43. See above and the submission of Stand Up, the youth union movement, in the [Appendix](#) to this document.

5. Conclusion

5.1. The CTU has put forward this submission to be read in conjunction with our 2015 submission, making a clear case for a significant increase in the minimum wage following this year's review.

5.2. The CTU is very concerned that the present combination of employment law changes, welfare, fiscal and economic policies is compounding New Zealand's problems of unfair distribution of income and narrow, low value economic development.

5.3. We were disappointed that last year's review of the minimum wage did not consider a much broader range of factors and impacts, nor take up any of our recommendations.

5.4. We look forward to the opportunity to further discuss the contents of this submission.

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7. Appendix: Submission of Stand Up – the Youth Union Movement

stand up youth union movement

**Submission of the
Stand Up – Youth Union Movement**

to the

**Minimum Wage Review
2016**

October 2016

1. Introduction

- 1.1. This submission is made on behalf of Stand Up, the representative structure within the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU) for workers aged 35 and under. Stand Up represents tens of thousands of young workers who are also union members across New Zealand.
- 1.2. Stand Up endorses the submission of the New Zealand Council of Trade Unions Te Kauae Kaimahi but is making its own submission in addition as the level of the minimum wage disproportionately impacts on young workers.
- 1.3. The submission supports a significant increase in the minimum wage from 1 April 2017. The minimum wage represents a 'wage floor' and is often the default wage for young workers – specifically those in the 15-25 year bracket, although significantly for other younger workers, too. The current minimum wage of \$15.25 is not sufficient to meet the cost of living for young workers, many of whom are also enrolled in full or part-time study.
- 1.4. Stand Up also supports the abolition of the 'Starting Out Rate', which operates as a youth rate and therefore discriminates against young workers. This also affects the employment of workers who are legally entitled to the adult minimum wage.
- 1.5. Stand Up also submits that there is an interaction between insecure work and the low minimum wage, although it is suggested that there needs to be significant research into this interaction. This is needed in order to address the clear linkage between insecure working arrangements and low wages.
- 1.6. Stand Up can be contacted in relation to this submission through committee members:

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2. The Impact of a Low Minimum Wage on Young Working People

- 2.1. At the heart of many of our members' experiences is this: growing up is getting harder. This is due in part to legislative structures such as the minimum wage not keeping pace with dramatic changes in working life and the changing nature of society.
- 2.2. Young working people are faced with a myriad of challenges when entering the workforce and this impacts greatly on the ability of young workers to feel valued as employees and as meaningful members of society. These challenges include, but are not limited to, the rise of

precarious and temporary employment, increased student debt, the cost of living and the huge impact of the current housing crisis.

- 2.3. These challenges must be addressed by a significant increase of the current minimum wage rate.

3. The Wage Level

- 3.1. Stand Up supports an immediate rise in the minimum wage to the current Living Wage of \$19.80.

- 3.2. The Living Wage is defined as:

“The income necessary to provide workers and their families with the basic necessities of life. A living wage will enable workers to live with dignity and to participate as active citizens in society¹”.

- 3.3. The Living Wage is based on expenditure items for a modest weekly budget and is recalculated yearly – with a full review every five years². These recalculations and reviews ensure that increases are realistic, robust and meet the true needs of a living wage, which is, as iterated above, to allow working citizens of Aotearoa New Zealand to live with dignity and to contribute meaningfully to society.

- 3.4. Stand Up supports and advocates for a minimum wage rate by which young working people can afford to meet basic living costs without additional subsidies or support from external contributors. This will begin to address one of the primary concerns for the young working people Stand Up represents; income inequality.

- 3.5. The case to significantly increase the minimum wage is particularly imperative due to the Government’s determination to weaken other worker protections, as evidenced by the passing of the Employment Relations Amendment Act 2014, and other previous changes to the Employment Relations Act 2000. These changes have weakened collective bargaining and the rights of the employee, and have therefore solidified the fact that the minimum wage is the only direct means of increasing the wages of many working New Zealanders, and young working New Zealanders in particular.

¹ www.livingwage.org.nz

² Living Wage Movement Aotearoa NZ 2016 Update

4. The Cost of Living

- 4.1. Young people are more likely to be engaged in low wage employment. Those under 29 make up nearly half of the country's bottom 20 percent of earners³. Collective bargaining and agreements can improve this, however access to collective agreements for working people is limited and continues to exacerbate inequality.
- 4.2. The significance of the current housing crisis has far reaching impacts on young working people who earn below the living wage. The ability to rent a warm, dry house is limited and the long held 'Kiwi dream' of owning our own homes will not become reality for many young working people.

5. The Starting Out Rate/Youth Rates

- 5.1. Stand Up continues to oppose the Starting Out rate and advocates moving back to the position where the minimum wage applies fully to those aged 16 years and over.
- 5.2. The Starting Out Rate is exploitative and discriminatory in nature as well as in practice, and designates that the work of a young person is not equal in worth to that of other workers. In its essence, and especially combined with the 90-day trial legislation, it directs young workers to expect little of their working lives and further degrades the ability of workers to meaningfully impact on their own working futures.

6. Insecure Work and Its Interaction with Low Pay

- 6.1. Insecure Work has been widely publicised in recent years as a significant issue for young workers and was partially addressed in legislative changes earlier in 2016 (through the Employment Standards Legislation package).
 - 6.1.1. Insecure work continues to be a significant issue for young working people and workers under the age of 35 are more likely to be engaged in precarious employment such as fixed term contract, casual employment and seasonal work⁴.
- 6.2. One Statistics New Zealand Survey⁵, which refers to the above precarious employment situations as "temporary work" shows that young working people are disproportionately

³ *Pensioners profit while the young fall behind* Stuff article 2015, retrieved from <http://www.stuff.co.nz/business/money/68616805/pensioners-profit-while-the-young-fall-behind>

⁴ *Under Pressure: Insecure Work in New Zealand*. Council of Trade Unions, Wellington at p25.

⁵ *Survey of Working Life*, Statistics New Zealand, December 2012 Quarter

affected by this type of work with only 36 percent of under 35 year old workers being engaged in permanent work.

6.3. Coupling low wages with temporary work situations creates a 'race to the bottom' and puts young workers against each other in competition for meagre pay. This allows employers to exploit young working people and, without addressing all aspects of insecure work, the minimum wage remains one of the few ways in which young working people have a chance of earning enough to live on.

6.4. In addition, it is submitted that the inability to rely on secure hours of work further degrade other working conditions and the ability to organise and collectivise in order to increase terms and conditions – such as low wages. This perpetuates the already unfair employment relationships in which many young people find themselves and this leads to the expectation of exploitation throughout their working lives.

6.4.1. This again points to the need to legislate for a considerable increase in the minimum wage, as young workers will often not receive negotiated or cost of living increases in any other circumstances.

6.5. The continued interaction between insecure work and low wages is seen in the necessity for many young working people to work multiple jobs in order to survive. This places restrictions on the ability of young working people to contribute to society, spend time with their families and has onerous secondary tax implications.

6.5.1. This again demonstrates that low wages and insecure work are discriminatory practices which impact hugely on young working people.

7. High Student Debt

7.1. Currently, many young people are choosing to pursue tertiary education before entering the workforce.

7.2. Young people are making up for a Government shortfall in funding to tertiary institutions with an increase in student fees, often by four percent per year. The Tertiary Education Union note that "The result of fee rises is that students enrolled for one year in 2000 borrowed an average of just under \$4000. By 2011 this had risen to \$7630⁶".

7.3. Many tertiary students are also young workers and the NZUSA Income and Expenditure Survey 2014 reported on a number of aspects which alarmingly indicate that low wages

⁶ *Te Kaupapa Whaioranga – The Blue Print for tertiary education 2013* at p16.

impact on students. These are in areas as wide ranging as increasing debt, longer working hours and declining mental health⁷.

7.4. The report cites that in 2014/2015 two-thirds of students worked over the summer break, yet fewer than half of full-time students began the year with savings. As well as this, 10 percent of respondents reported that they needed to take gifts or loans from friends or family to make ends meet over the same period.

7.5. In relation to in-term work, the average number of paid working hours for full-time students has increased to 14 hours from 12 hours in 2010⁸. While the increase in this work did reflect an increase in total earnings, the amount of that increase indicates that the average student has experienced only a modest increase of 50 cents per hour over a four year period⁹.

7.5.1. This modest increase is consistent with the modest rises in the minimum wage in the past few years, and supports the position that a significant rise to the minimum wage is required to support the work/life/study balance that is desperately needed by New Zealand students and young workers.

7.6. It is worth noting that many full-time tertiary study courses do require full-time commitment and Stand Up submits that students should not have to continue to seek unreasonable working hours in order to meet outgoing costs. The NZUSA report shows that a high percentage of students have incurred debt, and that more than half of respondents cited that financial stress affects their study.

7.7. Over one third of respondents in the NZUSA research felt their student debt would affect their decision to have children¹⁰. Ignoring the fact that this can be a devastating decision for a young person to have to make, the result of this decision-making process for a large number of young people will no doubt have wide ranging impacts for Aotearoa in the long run – including the unfortunate need to look at the raising of the retirement age.

8. Children and Young People in Employment

8.1. Stand Up continues to support the position put forward in the CTU's 2014 submission for the Minimum Wage Review in relation to children and young people in employment. This submission, in brief, states that:

⁷ The New Zealand Union of Students' Associations (NZUSA) *Income + Expenditure Survey 2014*

⁸ Ibid at p3.

⁹ Ibid at p9.

¹⁰ Ibid at p12.

8.1.1. There are widespread problems in relation to children and young people's employment.

8.1.2. There is the need for a minimum wage for children and young people under 16.

8.1.3. Concerns with young people and children's employment are wider than just the lack of a minimum wage, but introducing a minimum wage would be one measure in providing better employment protection for children and young people.

8.1.4. Research¹¹ confirms that children and youth in employment are more vulnerable to health and safety risks, are less likely to have an employment agreement and are more likely to have a poor understanding of their employment rights.

9. Below the Living Wage: Stories of Young Working People

9.1. It is easy to discuss the level of the minimum wage and forget that the impacts of an increase affect hundreds of thousands of working people in New Zealand, a number of whom are young working people. In gathering information for the 2016 minimum wage review, Stand Up endeavoured to speak with young working people about the impacts of living below the Living Wage. Some of their stories follow.

Melissa Goodman, young worker:

I work in an industry where the average worker is employed in a minimum of two jobs, both minimum wage, just to scrape by in life and to make rent payments. Where full time permanent employment means unwanted 'inflexibility' and industry training means unwanted cost - avoid at all cost.

Working under the living wage is hard, we New Zealanders don't like saying it, but it's true. We have a culture of 'she'll be right': I've said the same thing to myself many times as I have had to choose between going to the doctors to help myself, or getting petrol to get my child to their sports games. My budget is strict and my wage does not impact my dedication to my employer. However, what working on the minimum wage doesn't allow for is emergencies. Time off is unquestionable: to do so would be a risk to your livelihood.

I am not lazy, I am not stupid, I work hard, and work diligently, as do my colleagues. Most are highly qualified in other areas that are not hiring and are being forced into a labour situation that means insecurity, low wages, and poor conditions.

The resulting low wage and my insistence to put my child's well-being first, means that my own health is deteriorating. How dare I think of going to the dentist when my child's school is now adding uniform

¹¹ The submission cites: *Young People and Work* (Gasson, N.R., Linsell, C., Gasson, J., & Munder-McPherson, S. (2003)) and *Health and Safety Knowledge of Young Workers: A Study of School-aged, Part-time Workers in the Taranaki Region* (Pugh, J.A. (2007)).

costs to my budget, how dare I spend that money on going to the doctor when I need that money to put my child into the school sports team?

A living wage is not 'extra' or 'greedy' it is giving the average New Zealander a chance to breathe - a chance. Why would employers pay more, when the government puts our value beneath the ability, below the chance, to live? To live in a way that benefits our rangatahi and our future.

Perhaps the argument exists that petrol, dentist visits, doctors' visits, school uniforms, sports, music, science are luxuries that we, the ones beneath, do not deserve. If we can't earn it, why should we feel we can have it? Tell that to my child, tell my child that they cannot play softball this term because I don't deserve a higher wage, or haven't earned the ability to extend his social and educational development. Tell me that I don't deserve to deal with the chest infection I have because I do not deserve a higher wage.

Due to circumstances beyond my control I am now on a salary that equates to a few cents over the minimum wage. I work long hours that if worked out in regards to my salary means I am being paid below the minimum wage, and I am not the only one.

The minimum wage should not come down to the deserving or undeserving, a living wage should come down to being human beings and national citizens. The government has a responsibility towards its citizens, ensuring a living wage is ensuring that its citizens can thrive, instead of struggling to survive.

Anonymous minimum waged young worker in the Aged Care sector, 29 and living with seven others:

"With this pay rate it is very hard to pay the bills and the rent because everything is very expensive and it's very hard to afford. We have to live with so many people. There is no privacy."

Moniqua Reid, young worker:

"The living wage, to me, represents the minimum income required to live a financially stable life, nothing crazy, nothing over the top in regards to flash cars or five star holidays. However, it's enough to support yourself, support your family, and potentially afford a mortgage. So working for less than this minimum living wage seems ridiculous. It makes you feel as an employee that you are not respected, it makes you feel like another number on paper – one that is easily replaceable. I know I don't have it as bad as other workers from other organisations who are still stuck on the New Zealand minimum wage, but I think if my co-workers are struggling on more than what other workers receive, then how are they surviving?"

Ciaran Findlay, young worker:

"I'd say working below the living wage has been stressful for me because I know I can't invest in my future so much. I'm not even talking about buying a house or even a care. Both of those seem like impossibilities for now. I struggle to pay off my student loan and I actively make repayments on it. I can only imagine what those living in student accommodation while having a job like mine would have to deal with. It feels like the system is stacked to serve corporations and not the youth who are just starting to look for opportunities in life."

Michael Kingsley, young worker:

“In most retail jobs it’s very difficult to find full time employment. How can young people be expected to live whilst being paid the minimum wage and having an employer give you the lowest amount of hours they possibly can?”

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