

Minimum Wage (Mitigation of Youth Unemployment) Amendment Bill

Member's Bill

Explanatory note

General policy statement

The purpose of this Bill is to restore the capacity for the Governor-General to institute differing levels of minimum wages for youth and other workers in order to deal with the growing problem of youth unemployment. From the date of the abolition of youth rates up to the December 2009 quarter, almost 20,000 young people have lost their jobs. At this point, the unemployment rate amongst minority groups is particularly high, including a rate of 38.7% amongst Māori youth.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 provides that the Act comes into force 30 days after the date on which it receives the Royal assent.

Clause 3 provides that the Bill amends the Minimum Wage Act 1983 (the **principal Act**).

Clause 4 is the purpose clause.

Clause 5 provides for the repeal of section 4 and substituting of a new power that allows the Governor-General by Order in Council to

prescribe different minimum wages to different classes of workers defined by age.

Clause 6 provides for consequential amendments to the Minimum Wage Order 2009.

Schedule amends the Minimum Wage Order 2009.

Hon Sir Roger Douglas

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The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Minimum Wage (Mitigation of Youth Unemployment) Amendment Act **2010**.

2 Commencement

This Act comes into force 30 days after the date on which it receives the Royal assent.

3 Principal Act amended

This Act amends the Minimum Wage Act 1983. 5

4 Purpose

The purpose of this Act is to end minimum wage parity between youth (15–17 years old) and all other workers by enabling the Governor-General by Order in Council to set minimum wage rates defined by reference to the age of workers. 10

5 New section 4 substituted

Section 4 is repealed and the following section substituted:

“4 Prescription of minimum wages

“(1) The Governor-General may, by Order in Council, prescribe the minimum rate of wages payable to either or both of the following: 15

“(a) 1 or more classes of workers—

“(i) defined in the order by reference to the age of the workers; and

“(ii) to whom **paragraph (b)** does not apply: 20

“(b) 1 or more classes of workers—

“(i) defined in the order; and

“(ii) who are employed under contracts of service under which they are required to undergo training, instruction, or examination for the purpose of becoming qualified for the occupation to which their contract of service relates. 25

“(2) A minimum rate of wages prescribed under **subsection (1)** may be prescribed as—

“(i) a monetary amount; or 30

“(ii) a percentage of any other minimum rate prescribed under **subsection (1)**.”

**6 Consequential amendments to Minimum Wage Order
2009**

The Minimum Wage Order 2009 is consequentially amended
in the manner indicated in the Schedule.

cl 6

Schedule
**Consequential amendments to Minimum
Wage Order 2009**

Clause 3

Definition of **adult worker**: Omit “16” and substitute “18; and”.

Insert in its appropriate alphabetical order: 5

“**youth worker**—

“(a) means a worker aged 16 years or 17 years to whom the
Act applies; but

“(b) does not include a trainee.”

Clause 5

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Revoke.