

2006/1

February 2006

Minimum wage rise - can we afford one?

2006 didn't start all that well really. Gloom wherever you looked. Whale strandings in Golden Bay, the interminable build-up to yet another Orewa speech, and the Reserve Bank kept ticking us off about not saving enough. And then there was the economy. Business confidence is down, manufacturing and business activity is at a record low, the manufacturing sector is being squeezed by the high dollar and increased costs, and there were significant job losses at leading companies. It is generally accepted that the economy is "slow".

In the midst of all this are two campaigns to increase the minimum wage: the SuperSizeMyPay.Com campaign and Green MP Sue Bradford's Members Bill which seeks to abolish youth rates of pay, entitling all workers 16 years and over to the same rate of pay.

The SuperSizeMyPay.Com campaign, launched by fast-food workers late last year, is being driven by the Unite Union but is supported by the wider union movement and a broad range of community groups. The campaign has three key objectives: to increase the minimum wage to \$12.00/hour, to provide secure working hours and to abolish youth rates. This third objective gained momentum when Sue Bradford's Members Bill – the Minimum Wage (Abolition of Age Discrimination) Amendment Bill – was drawn from the ballot late last year. Set down for its first reading on 22 February 2006, Labour, New Zealand First, the Maori Party and United Future have already said that they will support the Bill to select committee stage, giving the public a chance to make submissions.

Under Labour, minimum wage rates have been gradually increasing since 1999, and are due to increase again on 27 March 2006 – the minimum adult wage from \$9.50 to \$10.25/hour and the minimum youth wage from \$7.60 to \$8.20. Youth rates were partially addressed in 2000 when the youth rate was increased from 60 percent to 80 percent of the adult wage and adult rates were applied to 18 and 19 year olds. And as part of their cooperation agreement with the Greens and New Zealand First after the 2005 election, Labour has pledged to increase the adult minimum wage to \$12.00/hour in 2008, but only if "economic conditions allow". (Under this agreement youth rates remain at 80 percent of the adult wage.)

However many believe that the minimum wage needs to be increased now and a 75 cent increase in March is simply not enough. Child Poverty Action Group New Zealand is supporting both campaigns and believes that an adequate minimum wage and secure work hours are needed "for our poorest children's life chances to improve". Unite maintains that "poverty wages" are increasing the gap between high and low income earners and forcing low income families to have both parents in work.

Can we afford this? Employers who run residential health care facilities for the elderly have said they want compensation from the Minister of Health Pete Hodgson for the March increase, and Business New Zealand claim that forcing employers to increase wages by legislation actually harms unskilled workers and makes it more difficult for them to find jobs. However a 2004 Treasury paper on the impact of the increase in youth rates in 2001 showed that despite fears that employers would avoid hiring younger people in fact the opposite happened. And over the last six years there has been a 36 percent increase in the minimum wage while record low employment (currently 3.6 percent, amongst the lowest in OECD) has been maintained.

Maybe the right question is, can we afford **not** to do this.

- Nicola Shirlaw

For more information on either campaign see www.unite.org.nz or www.greens.org.nz

PARLIAMENT

Introduced

Insolvency Law Reform Bill

This aims to modernise insolvency and personal bankruptcy law. It streamlines the personal bankruptcy procedure and introduces a new 'no asset' procedure as an alternative to personal bankruptcy which lasts for 12 months (rather than the present three years). Significant changes to corporate insolvency include a voluntary administration procedure as an alternative to liquidation, and amendments to increase the accountability of liquidators to creditors.

Minimum Wage (Abolition of Age Discrimination) Amendment Bill

Sue Bradford's private member's Bill amends the Minimum Wage Order 2005, removing the ability to arbitrarily discriminate on the grounds of age in setting minimum wage rates under the Act. Lower rates payable to apprentices, 'genuine trainees' and people with disabilities 'incapable of earning wages at the minimum rate' remain unaffected.

Treaty of Waitangi (Principles) Amendment Bill

Rodney Hide's Bill aims to set out the principles of the Treaty in statute, to assist interpretation of current and future acts which refer to them.

NZ Public Health and Disability (Enhancement of Competition) Amendment Bill

Heather Roy's Bill would remove Pharmac's current exemption from the Commerce Act, so that its drug purchasing activities would be subject to the same scrutiny as 'others in the marketplace'.

From the PM's opening speech 14 Feb

Family policy:

On 1 April:

- Working for Families is extended to 60,000 more families. All up, 350,000 families will be entitled to family tax relief in 2006.
- New Zealand Superannuation rate increases
- No interest will be payable on student loans for those staying in New Zealand.

On 1 July:

- Rates rebate scheme changes affecting superannuitants and others on modest incomes.
- Extending lower doctors fees and prescription fees through the Primary Health Organisations to 45 – 64 year olds.
- Paid parental leave is extended to the self employed and the qualifying time for a second period of leave is reduced to six months, and by 1 April next year all workers will be entitled to four weeks minimum annual holiday.

On 1 October:

- Income thresholds for both Out of School Care and childcare subsidies increase. (*cont. on page 4, col. 3*)

NEWS

Proposal for Maori governance structures

Late last year the Law Commission produced a voluntary standard umbrella governance structure for iwi and other Maori groups. It offers a framework covering representation, stewardship, information disclosure, accountability and dispute resolution. Within this, Maori would be largely free to design their structures to suit their own particular circumstances and traditions.

The Commission's draft report offers recommendations for minimum legislative requirements, plus suggestions for consideration by Maori communities which are developing their charters or constitutions.

Specific legislation would be developed to enable a new form of Maori legal entity to be created, tailored specifically to Maori needs.

The draft report has been circulated to 300 individuals and organisations for comment. Copies can be requested from com@lawcom.govt.nz

Restorative justice good for victims

Offenders who take part in restorative justice conferences are slightly less likely to reoffend than those who haven't, according to an evaluation of the Ministry of Justice's restorative justice pilot programmes. The research covered 193 offenders who took part in court-referred restorative justice conferences and compared them with equivalent offenders who had not taken part. The two-year recidivism rate for the 'conferenced' group was 41 percent, compared to a predicted rate of 45 percent. The subsequent imprisonment rate was 10 percent compared with 12 percent, seen as not statistically significant.

Nine out of ten victims who went to a restorative justice conference said it was a positive experience, and 68 percent would attend another.

Pressure to increase legal aid rates

The New Zealand Law Society is calling for a review of legal aid rates, saying lawyers were feeling exploited. It says pay rates, which remain at 1996 levels, need an annual review and should be matched to those of Crown solicitors.

Junior crown solicitors are paid \$141 per hour, and legal aid lawyers \$100-\$135. Senior Crown solicitors get \$216 an hour, and legal aid lawyers \$130-\$165.

The Legal Services Amendment Bill (No.2) which updates and extends criteria for eligibility for legal aid is before the Justice and Electoral Select Committee. Its report is due at the end of February.

Keeping It Legal presentations

The Federation and the Office for the Community and Voluntary Sector have organised a series of presentations around the country to explain effective use of the Keeping It Legal resource. Visit the link below to find out the nearest presentation taking place in your area.

www.nzfvwo.org.nz/keepingitlegal

LEGISLATION UPDATE

Legislation	Stage and Progress	Impact
Child Support Amendment Bill (No.4)	Before Social Services Select Committee. Submissions close 27 Feb.06	Writes off late payment penalties for liable parents who resume child support contributions.
Children, Young Persons & Their Families Amendment (No. 2) Bill	Committee stage	Extends approved groups who can be guardians/custodians of children.
Children, Young Persons & Their Families Amendment (No. 4) Bill	Awaiting second reading. Amended by SOP 261.	Aims to improve youth justice processes, prevent persistent offending. CYFS may assign investigation and care to NGOs.
Coroners Bill	Justice & Electoral Select Committee report due 31 March	Reforms coronial system for effectiveness and better response to bereaved families.
Courts and Criminal Matters Bill	Awaiting third reading.	Deals with fines collection and civil enforcement; amends 9 Acts
Crimes (Abolition of force as justification for child discipline) Amendment Bill (Sue Bradford)	Submissions called for to the Justice & Electoral Select Committee, due 28 February 2006	Removes the use of 'reasonable force' as a defence against assault by a parent on their child.
Criminal Procedure Bill	Reported back 29 July (see LS 2005/6 p.3). Awaiting second reading	Omnibus bill to improve court efficiency, modify jury system, change double jeopardy rule.
Criminal Procedures & Instruments Bill	Introduced 22 June 2005. Awaiting first reading.	Introduces civil forfeiture regime for proceeds of crime.
Disabled Persons Employment Promotion (Repeal & Related Matters) Bill	Awaiting second reading.	Ensures people with disabilities in sheltered workshops have the same wage and employment rights as other workers.
Employment Relations (Flexible Working Hours) Amendment Bill. Private Members' Bill, Sue Kedgley	Before Transport and Industrial Relations Committee. Report due 30/4/06.	Enables employees with young and dependent children to request part-time, flexible & reduced working hours.
Evidence Bill	Before Justice & Electoral Select Committee. Report due 28/2/06	Draws together common law and statutory provisions for evidence.
Human Rights (Gender Identity) Amendment Bill Private Members' Bill, Georgina Beyer	Introduced 24/10/04. Awaiting first reading – postponed to 3 April 2006	Includes 'gender identity' as a prohibited grounds for discrimination.
Insolvency Law Reform Bill	Awaiting first reading	Modernises insolvency & personal bankruptcy law & liquidation options.
Legal Services Amendment Bill (No. 2)	Before Justice & Electoral Select Committee. Report due 28/2/06	Updates and extends the criteria for eligibility for legal aid.
Minimum Wages (Abolition of Age Discrimination) Amendment Bill. Private Members' Bill, Sue Bradford	Awaiting first reading	Abolishes discrimination on grounds of age in setting minimum wage rates, but allows apprentice & other exceptions.
New Zealand Day Bill Private Members' Bill, Peter Dunne	Before Justice and Electoral Committee. Report due 28/2/06	Replaces Waitangi Day with a New Zealand Day.
NZ Public Health & Disability (Enhancement of Competition) Amendment Bill (Private Member's Bill, Heather Roy)	Awaiting first reading.	Removes Pharmac's exemption from the Commerce Act thus abolishing its monopoly on drug purchasing for public health system.
NZ Sign Language Bill	Second reading due 23/2/06	Officially recognises NZ Sign Language.
Parental Leave & Employment Protection (Paid Parental Leave for Self-employed Persons) Amendment Bill	Before Transport & Industrial Relations Select Committee; report due 5 June 2006.	Extends parental leave provisions to self-employed people on similar conditions to employees.
Oaths Modernisation Bill	Before Government Administration Committee. Report 28/2/06	Modernises the language used in existing oaths.
Residential Tenancies Amendment Bill	Awaiting second reading.	Tidies up definition, property protection and period of notice provisions.
Treaty of Waitangi (Principles) Amendment Bill (Private Members' Bill: Rodney Hide)	Awaiting first reading.	Aims to set out principles of the Treaty in statute for interpretation of current and future Acts.

INDEX to Law Scene 2005 issues

ACC treatment injury law	No.5, p2	Government bills	No.7,p2	Single Core benefit - who benefits?	No.2,p1
Adult literacy & Economic Growth	No.2,p4	Health & Disability Commission appointment	No.5,p4	Social Security (Social Assistance) Amendment Bill	No.2 p.2, No.3, p2
Baywide Community Law Service	No.9,p3	<i>Housing to homes</i> report	No.2,p4	Statutes Amendment Bill	No.6, p2
Budget 2005	No.4,pp1,2	'How to' Guide to legal structures	No.2,p4	Superannuation extended for volunteers	No.6,p2
Carryover of legislation	No.6, p3	Human rights complaint	No.7,p4	Taxation	No.5,p1
Charities Act	No.9,p3	Human rights concerns	No.9,p2	Tertiary education commission	No.3,p3
Charities Bill	No.1,p2; No.3,p2	Human rights in NZ today	No.2,p4	Tertiary Savings Scheme	No.4,p4
Charities Commission	No.5,p4	Incorporated societies website	No.2,p3	Total Mobility Scheme	No.3,p4
Charities registration timeline	p.8,p2	Injury Prevention, Rehabilitation & Compensation Bill	No.1,p2	TransTasman cooperation	No.7,p4
Child discipline	No.9,p3	<i>Keeping it legal</i>	No.10,pp1,4	Unit Titles Discussion paper	No.1,p3
Child poverty	No.3,p4	Law Access website	No.7,p3	Violence - service for children	No.4,p4
Child Support Amendment Bill	p.6,p2	Law Commission website	No.7,p3		
Children, Young Persons & Their Families	No.1,p2	Law Society website	No.7,p3		
Civil court fees review	No.6,p4	Legal information sources	No.7,p1		
Community law services	No.7,p4	Legal Services Amendment Bill (no2)	No.4,p2		
Community Net website	No.7,p3	Legislation Advisory Committee	No.3,p3		
Community Research	No.3,p4	Local Authority elections	No.8,p2		
Community services card eligibility	No.4,p4	Maori language leaflets	No.2,p4		
Constitutional arrangements	No.2,p2	Marriage	No.10,p2		
Constitutional inquiry	No.7,p2	Minimum wage increase	No.2,p4		
Coroners Bill	No.1,p2, No.5,p2	Ministerial portfolio changes	No.1,p2; No.4,p4		
Council of Legal education	No.3,p3	Ministers and party spokespeople	No.9,p4		
Courts, How they Work	No.3,p4	Miscarriage of justice	No.6,p3		
Credit Union Rules	No.5,p2	Misuse of Drugs orders	No.6,p4		
Crimes (abolition of force as justification...) Bill	No.10,p2	MPs' interests	No.10,p2		
Crimes amendment ...bill	No.6,p2	NZ Day Bill	No.3,p2		
Criminal Procedure bill	No.6,p3	NZ Sign Language Bill	No.6,p2		
Criminal Proceeds and Instruments Bill	No.5,p2	Oaths Modernisation Bill	No.4,p2		
Disabled Persons Employment Promotion Repeal	No.3,p2	Paid Parental Leave	No.4,p4; No.10,p2		
Domestic Violence Act	No.9,p2	Parent definition	No.4,p4		
Education amendment bill	No.6,p2	Parental Leave & Employment Protection	No.6,p2; No.9,p2		
Election and NGOs	No.9,p1	Parliament on-line	No.2,p2		
Election count-down	No.6,p4	Pre-trial processes review	No.6,p4		
Election enrolment drive	No.4,p4	Prisoners and Victims Claims Bill	No.4,p3		
Employment court	No.2,p4	Private members bills	No.7,p2		
Employment Relations (Flexible Hours)	No.3,p2	Problem Gambling Strategy	No.3,p4		
Employment Rights	No.3,p1	Prostitution by-law	No.7,p4		
Employment seminars	No.2,p4	Public Access to Legislation (PAL)	No.7,p2		
Equality of Arms	No.8,p2	Public Defence Service	No.7,p4		
Ethnicity Measurement Review	No.9,p2	Public Records Bill	No.3,p2		
Evidence Bill	No.5,p2	Relationships bill	No.2,p2		
Evidence of children	No.6,p3	Restorative justice satisfies victims	No.2,p4		
Families Commission appointed	No.3,p3	Retirement Villages Code of Practice	No.9,p2		
Family formation & change in NZ	No.2,p4	Sale of Liquor (Youth Alcohol Harm Reduction) Bill	No.66,p.2; No.10,p2		
Fiscal sustainability	No.6,p1	Sentencing Amendment Bill	No.2,p2		
Flaws in 111 system: report	No.4,p4	Single Core benefit	No.1,p2		
Gaming or gambling?	No.1,p1				

...From the PM's opening speech

(Cont. from p.2)

This year the government will also be working to get in place the planned improvements in **access to early childhood education and childcare**, with the 20 hours free for 3- and 4- year olds due to take effect in 2007. The following year, new teacher-child ratios of 1:15 in new entrant classes are planned for introduction.

Legislation **setting up KiwiSaver** will be before Parliament. The new scheme encourages savings for retirement and for first home ownership. The government will also be developing policy on shared equity initiatives to help first home buyers, drawing on the United Kingdom experience.

Work will be stepped up this year on a **new benefit structure**, aimed at offering the same range of case management services for employment to people across the current separate categories. The aim is to help all on benefits reach their full potential, and to ensure that those who are able to work get both a chance and the support to do so.