

Text of an email submission to:

**Employment Standards Policy | Labour, Science and Enterprise
Ministry of Business, Innovation & Employment | Hikina Whakatutuki**

Submitted on 12 November 2018

Thank you for the opportunity to contribute to thinking and planning to achieve a minimum wage of \$20 by 2021.

Citizens Advice Bureaux Ngā Pou Whakawhirinaki o Aotearoa work to empower individuals to resolve their problems and to strengthen communities. The person-to-person service provided by over 2,300 Citizens Advice Bureau (CAB) volunteers is unique in New Zealand. From 84 locations around New Zealand, the CAB provides individuals with a free, impartial and confidential service of information, advice, advocacy and referral.

In the 2017/2018 financial year we had over 508,000 interactions with clients, including over 190,000 in-depth enquiries where we offered information, advice and support across the gamut of issues that affect people in their daily lives. People used our website to find out about their rights and access services over 1,910,000 times last year.

Every time we interact with a client, our volunteers record the nature of their enquiry and the information and options we provided to them. We use our experience with clients to seek socially just policies and services in Aotearoa New Zealand.

Our review of enquiries has shown that although there is a minimum wage set by law, some employees are paid less than this amount. The example is one of many clients who have sought information, advice and support from the CAB.

Client has been in New Zealand for over 3 years on a residents' visa. She is concerned that her employment agreement contains provisions that are not legal eg, she is being paid below the minimum wage. The contract states clearly that she is a contractor and that she is liable to pay tax but the person who employs her says that he pays the tax. On some days client is paid only \$30 even though she may have worked up to ten hours. Employer has threatened her with consequences if she reports him. Client works in the personal health industry.

(see page 10 of [this report](#). We could provide several more examples, in addition to the ones noted in our Spotlight report, if desired.)

So while we welcome the government's aim of increasing the minimum wage, we assert that it is also important to address issues of compliance with the law specifically compliance with minimum employment rights. We have suggested several mechanisms that could assist this:

- That the Ministry of Business, Innovation and Employment (MBIE) puts more emphasis on educating and upskilling employers, including ensuring wide promotion of the web-based Employment Agreement Builder tool.
- That, given the various interactions employers have with government agencies, an integrated cross-government approach should be taken to ensure that minimum employment standards are upheld, in particular the requirement to have a written employment agreement.

- That MBIE ensures that free, independent, confidential information, advice and support is available to employees to help redress some of the inherent power imbalance in the employment relationship, and in particular that MBIE considers targeted education for young people about their employment rights.
- That the option of reporting a breach of employment law is made more visible on the MBIE website so that it is easier to report an employer's non-compliance with the law. Individuals reporting a breach should be able to do this anonymously if they wish, and be protected from negative consequences.
- That the Labour Inspectorate should be resourced to a level that allows for consistent action to be taken in response to reported breaches of employment law.
- That options for a 'good employer' accreditation system be explored that makes business compliance with good employment practices transparent and allows consumers to make informed choices about their spending based on whether a business treats their workers fairly and in accordance with the law.

We also see many people on low incomes who have difficulty meeting their costs of living. This day to day struggle is exacerbated by rising housing costs. Even if they are able to secure employment on minimum wage, servicing debt incurred due to insufficient income and living in substandard housing can put people into a downward spiral of poor health and debt which can take a long time to turn around.

The living wage is currently calculated to be \$20.55 per hour. The growing number of accredited living wage employers shows that valuing one's employees by paying them at an hourly rate that enables them to meet the necessities of life and participate as an active citizen in their community is not a disincentive to business.

https://www.livingwage.org.nz/new_accredited_living_wage_employers_in_nz_in_2018 This reinforces the findings of the Deloitte BusinessNZ election survey of September 2017 which found that 91% of those surveyed would be prepared to pay a minimum wage of \$20 per hour in future. <https://www2.deloitte.com/nz/en/footerlinks/pressreleasespage/business-sentiment-and-2017-election.html>

CABNZ therefore suggests that increasing the minimum wage to the target rate of \$20 per hour immediately would make a substantial difference to many New Zealanders and contribute to meeting the government's priority of improving the wellbeing of New Zealanders and their families.