

Steve Maharey

MINIMUM WAGE AMENDMENT (NO. 2)

ANALYSIS

Title	5. Annual review of minimum wages
1. Short Title and commencement	6. Minimum Wage Review Committee
2. Object	7. Employees to be informed of their rights
3. Rates of minimum wages	8. Penalties and jurisdiction
4. Prescription of minimum wages	9. Revocation

A BILL INTITULED

An Act to amend the Minimum Wage Act 1983 to establish a rational mechanism for the setting of minimum wages and extending a minimum wage to workers of or over the age of 16 years

5

BE IT ENACTED by the Parliament of New Zealand as follows:

1. Short Title and commencement—(1) This Act may be cited as the Minimum Wage Amendment Act (No. 2) 1997, and is part of the Minimum Wage Act 1983 (the “principal Act”).

10 (2) This Act comes into force on 1 July 1998.

2. Object—The principal Act is amended by inserting, after section 2 (as substituted by section 2 of the Minimum Wage Amendment Act 1987 and amended by section 2 of the Minimum Wage Amendment Act 1991), the following section:

15 “2A. The principal object of this Act is to ensure that workers (of or over the age of 16) are guaranteed a socially acceptable minimum wage.”

3. Rates of minimum wages—The principal Act is amended by inserting, after section 3, the following section:

20 “3A. (1) The minimum rate of wages payable to workers of or over the age of 18 years is,—

“(a) If paid by the week, \$294 a week;

“(b) If paid by the hour, \$7.35 an hour.

“(2) The minimum rates of wages payable to workers of or over the age of 16 years, but under the age of 18 years, are no less than 80% of the rates specified under **subsection (1)** (which rates are, if paid by the week, \$235.20 a week; if paid by the hour, \$5.88 an hour). 5

“(4) The rates specified in this section remain in force until increased by an Order in Council issued under **section 4**.

“(5) Nothing in this Act authorises the reduction of wages currently payable to any worker.”

4. Prescription of minimum wages—Section 4 of the principal Act is amended by repealing subsection (1), and substituting the following subsection: 10

“(1) The Governor-General may from time to time, by Order in Council, increase the minimum rates of wages payable to any class or classes of workers pursuant to this Act, which classes must be defined in the order by reference to the age of the workers.” 15

5. Annual review of minimum wages—Section 5 of the principal Act (as substituted by section 3 of the Minimum Wage Amendment Act 1987) is amended by repealing subsection (1), and substituting the following subsections: 20

“(1) The Minister of Labour must, in each year ending on 31 December, review any minimum rate prescribed pursuant to this Act.

“(1A) In reviewing any minimum rate prescribed pursuant to this Act, the Minister of Labour must have regard to the recommendations of the Minimum Wage Review Committee established under section 5A.” 25

6. Minimum Wage Review Committee—The principal Act is amended by inserting, after section 5 (as so substituted), the following section: 30

“5A. (1) There is to be a committee to be called the Minimum Wage Review Committee.

“(2) The function of the Minimum Wage Review Committee is to recommend, from time to time, to the Minister of Labour any amendment it considers necessary to any minimum rate prescribed pursuant to this Act. 35

“(3) The Committee consists of 4 members appointed from time to time by the Minister of Labour as follows:

“(a) One member on the nomination of the New Zealand Employers’ Federation: 40

“(b) One member on the nomination of the New Zealand Council of Trade Unions:

5 “(c) One member on the joint nomination of community organisations that represent youth as specified by the Minister of Labour:

“(d) One member, being the Chief Executive of the Department of Labour.

“(4) The Committee must meet no less than twice in each calendar year.

10 “(5) In recommending any amendment to any minimum rate prescribed for any class or classes of worker pursuant to this Act, the Committee must have regard to—

“(a) The views of the public and relevant organisations:

“(b) Movements in the consumer price index:

15 “(c) The level of benefits and other payments payable under the Social Security Act 1964 and the Social Welfare (Transitional Provisions) Act 1990:

“(d) Any other matter the Committee considers appropriate.

20 “(6) The Committee must do everything reasonably possible to afford such persons and organisations as wish to do so a reasonable opportunity to make submissions on any minimum rate of wages.

25 “(7) Members of the Committee appointed under this section are to be appointed on such terms and conditions (including terms and conditions as to remuneration and travelling allowances and expenses) as the Minister of Labour may from time to time determine.”

30 **7. Employees to be informed of their rights**—The principal Act is amended by inserting, after section 6, the following section:

“6A. The Chief Executive of the Department of Labour must do everything reasonably practicable to inform all classes of workers of their entitlements under this Act.”

35 **8. Penalties and jurisdiction**—Section 10 of the principal Act (as substituted by section 7 of the Minimum Wage Amendment Act 1991) is amended by inserting, after subsection (1), the following subsection:

40 “(1A) Despite section 51 of the Employment Contracts Act 1991, the penalty recoverable pursuant to subsection (1) must be not less than twice the value of the default in the payment of any wages and is paid to the employee concerned.”

9. Revocation—The Minimum Wage Order 1996 (S.R. 1996/6) is revoked.