



SUBMISSION

Department of Labour
2011 Minimum Wage Review

20 October 2011

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1. About New Zealand Retailers Association:

The New Zealand Retailers Association (NZRA) is the most significant body in the country representing the interests of retailers. We represent an industry that has annual sales of \$66 billion and which employs 325,000 people (approx 20% of the New Zealand workforce) in more than 49,000 outlets throughout New Zealand.

Across all store types and areas we have some 5,700 members and they in turn operate some 14,000 shop fronts. These stores range from the majority of large national retailers to thousands of owner operators.

Our membership accounts for 65% – 70% of total retail expenditure (excluding the motor vehicle sector).

Within the New Zealand Retailers Association structure we also have a number of specialty groups and in the main these include retailers, importers, and suppliers of a specific product type. The specialty groups we operate are:

- Bicycle Industry
- Sporting Goods
- Jewellery
- Plumbing Distributors
- Pets/Pet Products/Equestrian Suppliers

2. Contact:

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3. Submission:

2011 Review

The minimum wage has been used as a political tool for a considerable number of years, each of the parties using it to claim that any increase or decrease will have dire consequences on the level of youth employment, or the ability of business to survive, or even that in Australia the minimum wage level is significantly higher than in NZ and they are able to afford it, therefore it must be OK.

Some have suggested that the current level of minimum wages does not allow a person to raise a family and pay for essentials, and while that argument may sound convincing it hardly withstands any scrutiny on economic or social grounds. To adjust the minimum wage to address a “poverty” agenda is not in our opinion a sensible option.

Others have claimed that the rapid increase in minimum wages would result in small business being unable to afford to hire youths and would place pressure on the profitability of those businesses. Current information appears to suggest that while the recent rapid rise in the level of the minimum wage has had an effect on youth employment, there seems to have been a corresponding increase in employment for the over 20 age group. Perhaps the net level of employment has more to do with other economic factors rather than changes to one specific group. While there is clear evidence of small business struggling to make progress in the tough economic conditions that now exist, there is no evidence that having to pay the minimum wage has caused or even worsened this situation. However, what our own members have told us in our 2011 Annual Wages Survey is that 71% of respondents supported the reintroduction of youth rates..

In attempting to address the Assessment Criteria we are again faced with having to compare economic or social arguments that are equally valid from either side of the political divide.

Ultimately the brunt of any decision to increase the minimum wage is met by employers, and anything above CPI or average wage increases does not bode well for either employer or potential employees.

Our Recommendation: We recommend that the minimum wage be pegged at its current level and adjusted annually according to movements in the CPI or Average Wages.

The Association welcomes further discussion with departmental officials on our submission.

New Zealand Retailers Association
October 2011