

Hon Sir ROGER DOUGLAS (ACT): I move, That the Minimum Wage (Mitigation of Youth Unemployment) Amendment Bill be now read a first time. At the appropriate time, if it is given a first reading—it does not appear likely—I will move that it be considered by the Transport and Industrial Relations Committee.

This bill is about two very simple things. The first thing is jobs. The second is helping young people find their footing in the labour market and giving them a start.

Since the previous Labour-led Government abolished the youth minimum wage in 2008, youth unemployment has soared. Since 2008 youth unemployment for 15 to 19 year-olds has almost doubled. The number of unemployed youth has risen by more than 18,800 people. The recession has had an obvious impact, but the youth unemployment rate is far higher than usual in a recession. University of Canterbury economist Eric Crampton has demonstrated that there was a large rise in the youth unemployment rate relative to the adult rate after the youth minimum wage was raised to the adult level.

The youth unemployment rate today stands at 26.5 percent—a national disgrace. The rate for Māori youth is even worse: it stands at 38.7 percent. Almost two out of every five young Māori people in this country are unemployed. To put it in another way, for every 1½ young Māori people who are in employment, one person is unemployed. Yet the Māori Party, as I understand it, intends to vote for this situation to continue. It intends to vote against this bill.

Why do National, Labour, the Māori Party, and the Greens keep pretending that the abolition of the youth minimum wage has helped people in New Zealand when it has, in fact, stopped many young people from finding work? Labour and now National tell us that they care about the young people of this country. But the people of New Zealand should not be fooled: it is those parties that are responsible for the large number of young people who cannot find work. Labour and now National have forced thousands of young people to go without gainful employment.

Why does the youth minimum wage have this unintended consequence? Businesses are not charities. They respond to prices just like the rest of us. The abolition of the youth minimum wage has priced young people out of the market. That has occurred because many young people are just starting out on their career. They will be searching for their first job. Their lack of training and experience means that they have few skills. What Labour and now National have forced young people to do is to compete with adults. They are forced to compete with those people who have had a lot more time to gain experience and who have more skills.

I find it hard to believe that the National Government will not support this bill when it has conceded that the abolition of the youth minimum wage has led to unemployment. Then again, the National Party has always been bold in Opposition, but has proved to be spineless in Government. As Wayne Mapp said when debating this issue in 2006—

Hon Trevor Mallard: I raise a point of order, Mr Speaker. I am reluctant to do this, but, in the interest of decorum in the House and despite the fact that the National Party did not take objection, I note that references to members of Parliament or a parliamentary party being “spineless” have been ruled out of order on a number of occasions. I can remember back to when comments made by the Rt Hon Sir Robert Muldoon including that particular word were ruled out of order.

Hon Sir ROGER DOUGLAS: Speaking to the point of order, I think that that reference was related to one individual member and not to a party as a whole.

Mr SPEAKER: I think that that is an important distinction. Where a member accuses another member of being gutless, spineless, or lacking in courage, it is clearly out of order. But had National members been worried, it would be up to National members to object if they found it offensive.

Hon Sir ROGER DOUGLAS: As I was saying, Wayne Mapp stated: “The problem is if one artificially boosts minimum wages to levels that are, frankly, too high, one ends up reducing profitability, reducing opportunity, and reducing the ability to put more money into improving skills.”

When National is in Government, it plays the numbers game. Those thousands of young people who are out of work do not, in general, vote. Some of them are too young. It does not matter to the pollsters in the National Party. When in Government, National is happy to help out the unions, who want to erect higher and higher barriers for those who are out of work. In Government, National clearly does not believe in principle or in bold implementation. The only question it appears to ask is: “How do we stay in power?”

What is the alternative offered to unemployed youth? The law makes it illegal for a young person to be hired on anything less than \$12.75 an hour, or \$510 a week. In other words, unless young people have a productive value of at least \$510 a week, they are unemployable. That is what John Key, Phil Goff, and Pita Sharples are saying. The people who say that they care for young people are saying to the 16-year-old who could earn \$400 a week that he or she is not allowed to do that. They have made it illegal for him or her to work at that rate.

John Key and National care so much about their short-term images that they will stop young people who have the capacity to earn \$400 a week from doing so—that is, from having a job that pays them that amount. Instead, John Key and National, supported by Labour, will force those young people to collect a benefit of \$160 a week. They care so much for the young people of this country that they will make many of them unemployed, and in the process they will make them \$240 a week worse off.

But even worse than that, the National Party, the Labour Party, the Greens, and the Māori Party all say to unemployed young Māori of 16 years of age not only that they cannot accept that job paying \$400 a week but also that they cannot get the job in the first place. They say that they cannot start developing their skills and cannot get work experience. We failed many of those young people who do not have a productive value of \$510 a week. We failed

them through the education system, and now we intend to fail them once again in the labour market for certain. Instead, we are saying to the young person who could get \$400 a week at the Warehouse or at a grocery store that he or she cannot accept that \$400 a week; he or she has to go on the dole for a \$160 a week.

We are saying that young people should sleep in until 11 o'clock and sit around playing the PlayStation, and if that \$160 is not enough, then they can supplement their income in some other way. We are saying that they should not get a legitimate job, because we will not allow them to get a legitimate job. No, we will not. "Go and join a gang"—that is what we are saying to the young people of this country. We are saying that they cannot have a legitimate job earning \$400 and that we will pay them \$160, so they should go and supplement their income. I had such a young person talk to me today who is doing exactly that: joining a gang.

It is increasingly clear to those New Zealanders who are economically literate that if they want a Government that is genuinely different from Labour, then they should not vote for National. National may get things right when it is in Opposition, but it will always be weak in Government.