

REGULATORY IMPACT STATEMENT

Starting Out Wage

Agency Disclosure Statement

This Regulatory Impact Statement (RIS) was initially prepared by the former Department of Labour (the Department) in March 2012. It provides an analysis, relative to the status quo, of the proposed starting out wage package. The proposed starting out wage delivers on the Government's election policy commitment to establish a starting out wage set at no less than 80 percent of the adult minimum wage for:

- 16 and 17 year olds in their first six months of work with a new employer,
- 18 and 19 year olds who have been on a designated benefit for six months or longer, and
- 16 to 19 year olds in training in a recognised industry training course involving at least 40 credits a year.

The Department of Labour is now the Labour Group of the Ministry of Innovation, Business and Employment (MBIE). The RIS has since been updated in July 2012. The updates include the provision of current data, the current minimum wage rate, and comment on the timing of implementation. Agency comments have also been updated.

Key gaps, constraints and risks

The starting out wage proposal is a pre-election policy commitment. The Ministry's analysis has therefore not considered other options for achieving the objectives of the proposed starting out wage package. The analysis has focussed primarily on how to implement decisions that have already been signalled by Government. The Ministry has been instructed by the Minister of Labour on key features of the policy design. The analysis has not looked in detail at other design options for key dimensions of the starting out wage - such as varying the age of eligibility, applicable time periods, and payment rates.

This RIS presents the results of analysis of the proposed starting out wage package (as signalled by the Government) relative to the status quo.

The Ministry considers that on balance, in the current economic environment, the proposed starting out wage will have positive employment impacts for the targeted groups. It will complement other initiatives (such as the Youth Package) aimed at supporting more young people to enter the workforce.

However, the precise nature and extent of the policy's expected benefits are uncertain. The Ministry has provided possible scenarios of the impact of the starting out wage on employment by reference to the observed impacts of the minimum wage reforms of 2008. The Ministry's modelling is based on the relationship between a decline in the proportion of 16 to 17 year olds paid below the adult minimum wage and a change in employment rates of particular cohorts. The Ministry cannot be certain of the precise effects of the starting out wage

policy because a policy change of this type has not been observed in New Zealand before.

Monitoring and evaluating how the policy works will be very important for gauging the effects on the employment of the policy's targeted young people. Among other monitoring and evaluation activities, the Ministry intends to evaluate the impact of the starting out wage on the labour market outcomes of young people after its introduction.

Consultation on the proposal has been limited. The Ministry has not consulted with external groups such as the New Zealand Council of Trade Unions and Business New Zealand. The analysis has also been constrained by the relatively short period of time in which to undertake the analysis.

The Ministry does not consider that there are significant risks associated with key (given) features of the policy.



Michael Papesch
General Manager
Labour and Immigration Policy
Ministry of Business, Innovation and Employment

25/07/2012

Status quo and problem definition

The current minimum wage

- 1 Minimum wages are set through an Order in Council made under section 4 of the Minimum Wage Act 1983 (the Act).
- 2 The current sub-minimum wages (the new entrants' and training minimum wages) are intended to reduce labour market disadvantage for young people, and therefore to boost youth employment. A reduced minimum wage is used in other OECD countries to encourage youth employment. Evaluations overseas suggest that although the overall employment effects of minimum wages tend to be small, this effect is significantly larger among vulnerable worker groups, including young people.¹
- 3 The current minimum wage rates are as follows. The new entrants' and training minimum wages are set at 80 percent of the adult minimum wage:
 - The adult minimum wage is \$13.50 an hour. It applies to all employees aged 16 years and over, who are not new entrants or trainees
 - The new entrants' minimum wage is \$10.80 an hour. It applies to 16 and 17 year olds except for those employees: who have completed 200 hours or three months of employment, whichever is shorter; who are

¹ *Starting out well or losing their way? The Position of Youth in the Labour Market in OECD countries* - OECD report 2006.

supervising or training other workers; or who are subject to the training minimum wage. The new entrants' minimum wage was introduced in 2008 following the abolition of the youth minimum wage

- The training minimum wage is \$10.80 an hour. It applies to those employees aged 16 years and over who are undertaking at least 60 credits a year in a registered training programme.

Young people and the labour market

- 4 Young people (15 to 24 year olds) have been severely affected by the 2008/2009 recession, with large falls in employment and rising unemployment.
- 5 The tables and graphs below provide information from the Household Labour Force Survey (HLFS) on the employment and unemployment rates for various cohorts of young people, and trends over time.

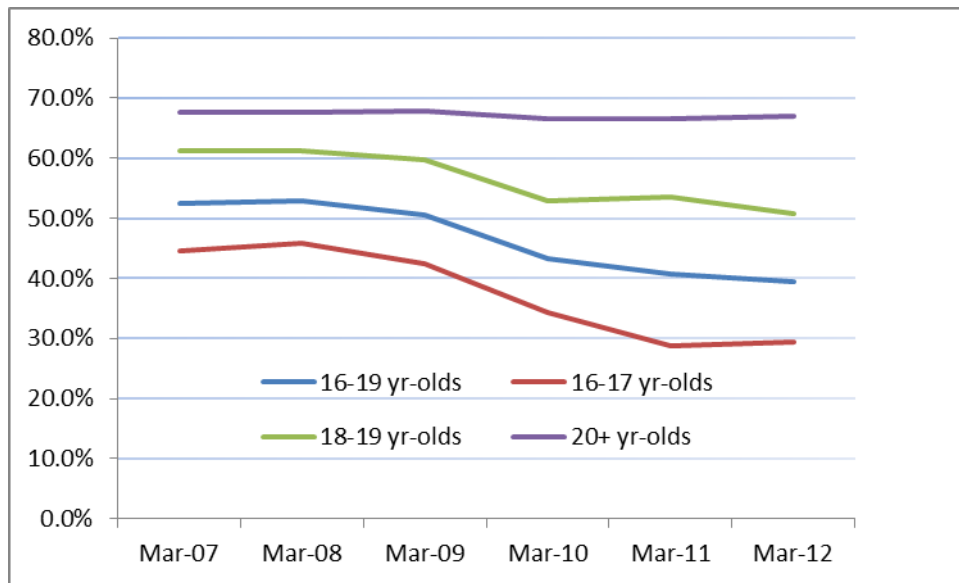
Employment numbers and rate

		Age group				
		16-19 yr-olds	16-17 yr-olds	18-19 yr-olds	20+ yr-olds	Total
Mar-07	(000)	129.7	58.9	70.8	1,998.9	2,145.2
	(%)	52.4%	44.6%	61.3%	67.7%	65.7%
Mar-08	(000)	132.2	62.0	70.2	2,022.2	2,173.0
	(%)	52.8%	45.8%	61.2%	67.7%	65.7%
Mar-09	(000)	129.1	58.2	70.9	2,049.3	2,192.2
	(%)	50.5%	42.5%	59.8%	67.8%	65.5%
Mar-10	(000)	111.6	46.8	64.8	2,042.2	2,163.8
	(%)	43.2%	34.4%	53.0%	66.5%	63.8%
Mar-11	(000)	103.2	37.7	65.5	2,077.6	2,190.1
	(%)	40.7%	28.8%	53.5%	66.6%	63.7%
Mar-12	(000)	98.7	39.0	59.7	2,113.6	2,220.7
	(%)	39.4%	29.3%	50.8%	66.9%	64.0%

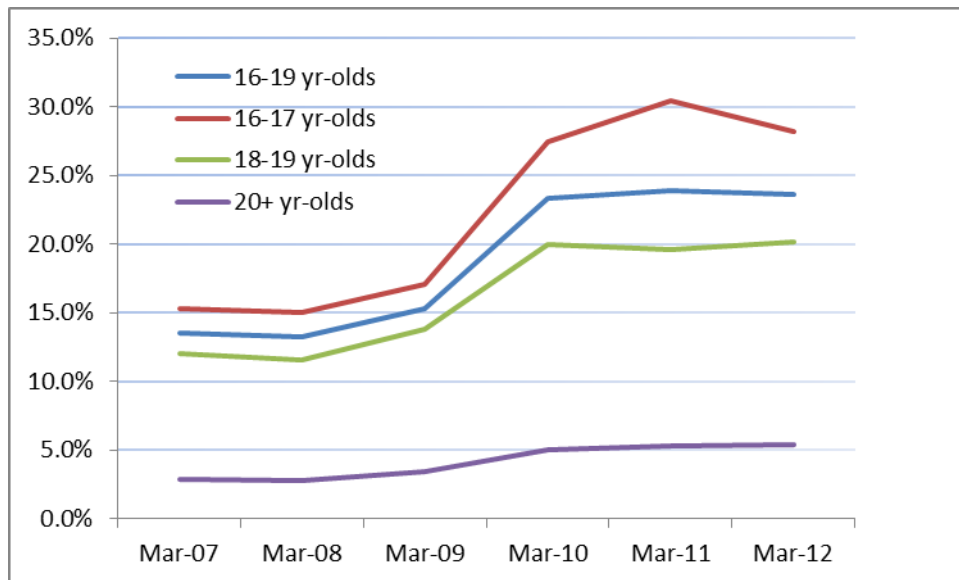
Unemployment numbers and rate

		Age group				
		16-19 yr-olds	16-17 yr-olds	18-19 yr-olds	20+ yr-olds	Total
Mar-07	(000)	20.3	10.6	9.7	60.1	84.8
	(%)	13.5%	15.3%	12.1%	2.9%	3.8%
Mar-08	(000)	20.2	10.9	9.2	57.4	82.6
	(%)	13.2%	15.0%	11.6%	2.8%	3.7%
Mar-09	(000)	23.4	12.0	11.4	73.9	103.3
	(%)	15.3%	17.1%	13.8%	3.5%	4.5%
Mar-10	(000)	33.9	17.7	16.2	107.1	147.6
	(%)	23.3%	27.5%	20.0%	5.0%	6.4%
Mar-11	(000)	32.4	16.5	15.9	117.5	155.5
	(%)	23.9%	30.4%	19.6%	5.4%	6.6%
Mar-12	(000)	30.4	15.3	15.1	120.6	155.7
	(%)	23.6%	28.2%	20.2%	5.4%	6.6%

Employment rate



Unemployment rate



- 6 There are no official statistics on the numbers of trainees, although anecdotal evidence from relevant Industry Training Organisations suggests that uptake of the training minimum wage is low.
- 7 Alongside the problem of high numbers of unemployed young people is the number of young people moving on to benefit at 18 years. As at the end of March 2012, there were 13,700 18 and 19 year olds on benefit, with 5,100 (approximately 37 percent) of these young people having been on benefit for six months or longer.

- 8 There are 8,500 16 and 17 year olds and 17,600 18 and 19 year olds who are not currently in employment, education, or training (NEET).² Some of these NEET young people (mainly 18 and 19 year olds) will be on benefit. Young people in receipt of the Independent Youth Benefit³ (IYB) are also often labour market disadvantaged. Young people who are NEET are at risk of becoming discouraged from seeking training and employment opportunities. Where this happens they are more likely to become long-term unemployed than other young people.
- 9 International research shows that prolonged unemployment and spells of inactivity may permanently lower young people's employability, particularly for low-skilled and inexperienced youth, especially if they remain unattached to the labour market for significant periods of time.⁴

The problem: high youth unemployment and ineffective current sub-minimum wage settings

- 10 The current sub-minimum wages intended to reduce labour market disadvantage for young people - and so counter disproportionately high levels of youth unemployment - are not as effective as they could be in the present post-recessionary conditions.
- 11 The abolition of the youth minimum wage in 2008 and the low take up of the new entrants' minimum wage that replaced it has led to a large effective increase in the minimum wage for young people.
- 12 There is evidence this has had some associated disemployment effects. HLFS data suggests that the 2008 policy changes tipped the balance in favour of more experienced labour (18 to 19 year olds and 20 to 24 year olds) at the same minimum wage rather than hiring younger workers. As a result, young people aged 16 to 17 years are finding it more difficult to enter the labour market. The former Department-commissioned research (Hyslop and Stillman 2011) also found that the minimum wage increase following the abolition of youth rates in 2008 accounted for between 20 and 40 percent of the fall in the number of 16 and 17 year olds in work over the subsequent two years (a loss of 4,500 to 9,000 jobs).
- 13 This evidence suggests that the status quo does not provide sufficient incentives for employers to employ 16 and 17 year olds or to employ 18 and 19 years old that have been on benefit long term.
- 14 Changes to the training minimum wage are also required to support increased investment in, and take up of, training, and to promote the acquisition of formal qualifications by young employees.

² HLFS, March quarter 2012.

³ The Independent Youth Benefit is a weekly payment which helps 16 and 17 year olds who cannot live with their parents and are not supported by them or anyone else. While on the IYB they may earn other income, including income from part time, temporary, or seasonal work. The IYB has been replaced by the Youth Package with the Social Security (Youth Support and Work Focus) Amendment Bill.

⁴ OECD, *Off to a good start: Jobs for youth*, 2011, and Øivind Anti Nilsen and Katrine Holm Reiso, *Scarring Effects of Unemployment*, Institute for the Study of Labor, December 2011.

Objectives of the starting out wage

- 15 The two main (and overlapping) objectives of the starting out wage package are to:
 - a Reduce unemployment rates for 16 to 19 year olds, particularly for those at risk of long term labour market disadvantage from prolonged unemployment and spells of inactivity. This includes low-skilled and inexperienced young people, and those who are at risk of long-term benefit dependency (including those who have been on benefit for longer than six months).

It will do this by improving incentives for employers to give work opportunities to the targeted young people, and therefore help them to develop the foundation work skills needed to assist them with employment throughout their working lives.
 - b Increasing skills amongst 16 to 19 year olds. Currently, to be eligible for the training minimum wage, a trainee must do at least 60 credits per year in an industry recognised qualification. The starting out wage reduces the credit requirement to at least 40 credits per year for 16 to 19 year olds. This is intended to support more young people into industry training by providing incentives for employers to invest more in training for young people (particularly vocationally based training).
- 16 Other objectives/criteria of the starting out wage are to ensure (as much as possible) consistency with:
 - a Other initiatives aimed at supporting more young people to enter the workforce, such as the Youth Package and the Youth Pipeline, and existing Work and Income employment programmes and wage subsidies
 - b Wider labour market objectives, such as the policy effects on unemployment rates for 18 to 19 year olds (who have not been on benefit for six months or longer), and for workers aged 20 and over (including those who have been on benefit for six months or longer).

Regulatory impact analysis

Assessment of the starting out wage versus the status quo

- 17 Young people who do not make good transitions into employment are at risk of longer-term employment scarring effects.
- 18 Due to their comparatively lower skills and their inexperience, many employers perceive 16 and 17 year olds to be more "risky" than other potential employees. Many employers also tend to look unfavourably on people, including young people, who have been on benefit (and unattached from the workforce) for long periods of time.
- 19 The current sub-minimum wages are intended to reduce labour market disadvantage for young people by providing an incentive for employers to

hire them. In effect, it offers a “discount” on their cost to overcome the perceived increased riskiness of hiring them relative to other cohorts.

- 20 However, the take up rate for the status quo is relatively low, which, combined with the evidence that the status quo has contributed to a reduction of 16 to 17 year olds in work, suggests that the status quo is not providing sufficient incentives for employers to employ 16 and 17 year olds, nor does it offer any incentive for them to employ young people who have been on benefit long term. A 2010 Department survey found that the majority of employers (63 percent) in the survey who employed workers aged 16 and 17 years in the past three months did not pay the new entrants’ minimum wage.
- 21 The proposed starting out wage is expected to incentivise employers to hire younger workers, including 18 to 19 year olds who have been on benefit long term, and to increase investment in young people’s training by simplifying the sub-minimum wage and by extending the duration of the sub-minimum wage.

Reducing unemployment rates for the targeted 16 to 19 year olds

- 22 While the precise employment impacts of the starting out wage are uncertain, the Ministry considers that on balance the proposed starting out wage will have positive employment impacts for the targeted groups. It will help those young people at risk of long term labour market disadvantage from prolonged unemployment and long spells of inactivity.
- 23 The available evidence is not definitive as to the extent to which the starting out wage will increase employment of the targeted young people. The former Department’s research⁵ has found evidence of disemployment effects following the 2008 youth minimum wage reform. The findings suggest that the 2008 reforms tipped the balance for employers in favour of hiring 18 to 19 year olds rather than hiring 16 and 17 year olds. The Ministry estimates that the 2008 reforms lowered the proportion of 16 and 17 year olds in work by between 20 and 40 percent over the subsequent two years (a loss of 4,500 to 9,000 jobs).
- 24 The Ministry’s modelling is based on the relationship between a decline in the proportion of 16 to 17 year olds paid below the adult minimum wage and a change in employment rates of particular cohorts. The Ministry can only model based on impacts that have been observed following the change in the youth minimum wage in 2008. The Ministry cannot be certain of the precise effects of the starting out wage policy because a policy change of this type has not been observed in New Zealand before.
- 25 The Ministry has produced different scenarios on the employment impacts of the starting out wage based on observed impacts of the youth minimum wage reforms of 2008. The scenarios look at the direct impact on employment for 16 to 17 year olds and indirect impacts (though

⁵ Hyslop and Stillman 2011.

substitution) for 18 to 19 year olds from an increase in the proportion of 16 to 17 year olds paid below the adult minimum wage. The scenarios look at an increase in the proportion of 16 to 17 year olds currently paid below the adult minimum wage (35 percent⁶) to 40, 45 or 50 percent.⁷ This modelling suggests that the policy of establishing a starting out wage for 16 and 17 year olds may result in a net increase in employment after two years of between 200 and 1,300 for 16 to 19 year olds, based on a range of assumed “take up” rates.

- 26 The modelling only assesses the impacts of the policy of establishing a starting out wage for 16 and 17 year olds, and the substitution impacts of this policy on 18 and 19 year olds. The Ministry has not been able to model the impacts of the policy of including in the starting out wage 18 and 19 year olds who have been on benefit for six months and over, or of reducing the credit requirement to at least 40 credits per year for 16 to 19 year olds engaged in industry training.

% paid below adult minimum wage	Cumulative job creation <i>After 2 years</i> <i>16–17s</i>	Cumulative job creation <i>After 2 years</i> <i>18–19s</i>	Net employment change <i>After 2 years</i> <i>16–19s</i>
40 percent	1,000	-800	200
45 percent	2,100	-1,300	800
50 percent	3,200	-1,900	1,300

- 27 The modelling uses as its starting point the observed impacts of the 2008 minimum wage reforms, which abolished the youth minimum wage.⁸ These reforms led to a fall in the proportion of 16 to 17 year olds being paid below the adult minimum wage and a fall in the number of 16 to 17 year olds in employment. The model assumes the starting out wage will increase the proportion of 16 and 17 year olds being paid below the adult minimum wage, and uses the observed impacts of the 2008 reforms to predict by how much this will *increase* employment of 16 and 17 year olds. The model also attempts to assess the extent to which employers might substitute away from 18 and 19 year olds to 16 and 17 year olds.

⁶ 2011 New Zealand Income Survey.

⁷ It is unlikely that the proportion of 16 to 17 year olds paid below the adult minimum wage would rise above 50 percent because historically the proportion has been around a half.

⁸ Hyslop and Stillman 2011.

Increasing skills amongst 16 to 19 year olds

- 28 The current requirement of the training minimum wage is that trainees do at least 60 credits per year in an industry recognised qualification to be eligible for the training minimum wage. Reducing the credit requirement to at least 40 credits per year for 16 to 19 year olds engaged in industry training will support more young people to gain skills for the workforce. Forty credits is an appropriate balance between training and work commitments.
- 29 Eighty percent of the adult minimum wage is appropriate for 16 to 19 year olds engaged in training in a recognised industry training course involving at least 40 credits a year. This fairly reflects the cost to employers of taking on a worker for accredited training. This has been calculated based on the recommendations from the Ministry of Education and the New Zealand Qualifications Authority (NZQA) that a training minimum wage credit load of 40 credits is a reasonable course work load for a student in full-time work. Forty credits allows the student sufficient time to complete the 400 hours per year required.
- 30 A credit load of 40 credits represents a cost to an employer of 10 hours out of work by the employee (presuming that all notional learning is conducted during work hours). This represents 19 percent of normal hours worked over a year. This is closely aligned with the 20 percent discount below the adult minimum wage that the training minimum wage represents. The calculation does not take into account notional learning time completed by the student outside of work hours, or the cost to the employer of providing training and supervision as part of the student's study programme.

Consistency with other initiatives aimed at supporting more young people to enter the workforce

- 31 The proposed starting out wage will complement other measures that support more young people entering into the workforce (and gaining the education and training they need for work). As such it will work alongside existing Government measures (such as Work and Income's employment programmes and wage subsidies), as well as complementing the reform of the welfare system, including the Youth Package.
- 32 The proposed starting out wage for 16 and 17 year olds is consistent with these other initiatives, which are predicated on the Government's view that 16 and 17 year olds should ideally be in some form of education or training. The policy is also consistent with the need to incentivise employers to take on 16 and 17 year olds for whom education is not appropriate or feasible.

Consistency with wider labour market objectives

- 33 The proposed starting out wage will have the effect of making eligible 16 and 17 year olds, and some 18 and 19 year olds, cheaper to hire, and therefore more attractive to employers, than other 18 and 19 year olds on the adult minimum wage, and people aged 20 years and over. It is likely to mean in particular that some 18 and 19 year olds without much work

experience, and people aged 20 and over and on benefit, may be less attractive to employers than 16 and 17 year olds on the starting out wage.

- 34 The primary factors that employers value are life experience, work ethic, and having the right person for the job,⁹ and employers will therefore weigh these factors up also when deciding on employing young people.
- 35 It is not possible to assess the precise extent to which employers will substitute those eligible for the starting out wage for people from other cohorts who might otherwise have been employed. However, it is likely there will be some substitution of jobs to the starting out wage's targeted groups away from other cohorts (particularly 18 and 19 year olds)

Consultation

- 36 The Treasury, Te Puni Kōkiri, the Ministries of Social Development, Youth Development, Education, Justice, Women's Affairs, Pacific Island Affairs, the Department of Prime Minister and Cabinet, Inland Revenue, and the Tertiary Education Commission have been consulted in the development of this advice.
- 37 The Ministry has not consulted with external groups such as the New Zealand Council of Trade Unions and Business New Zealand.

Treasury comment

- 38 The Treasury supports the introduction of a starting out wage, but considers that extending eligibility to a wider group of potential employees who face labour market entry barriers would boost the employment impacts of the policy and also be better aligned with the Government's welfare reform agenda.
- 39 The Treasury does not oppose setting the initial level of the starting out and training minimum wages at 80 percent of the adult minimum wage. However, it notes that New Zealand's adult minimum wage is the highest in the OECD (relative to the average wage), and – in countries that have some form of youth minimum wage – the wage for 16 and 17 year olds is on average only 71 percent of the adult minimum wage. It notes that wages are sticky downwards and considers that a high relativity will limit the job creation impacts of the policy. It does not consider it necessary to stipulate that the level must always be 80 percent or above.

Ministry of Education comment

- 40 The Ministry of Education notes that the starting out wage may impact on the incomes of students who are working part-time while studying or working full-time during school or tertiary holiday periods. This may impact on students' ability to finance their current or future tertiary study.

⁹ Based on the forthcoming report "Employers' Perspectives – Part Two: The Minimum Wage System" from the former Department's commissioned study.

- 41 The Ministry of Education is also concerned that the starting out wage proposal is at odds with the Government's Better Public Services targets of increasing the proportion of people attaining NCEA level 2 at school and also the proportion of the population with at least level 4 qualifications aged between 25 and 34. We'd welcome the opportunity for further input to ensure that the objectives of this policy and the Government's stated education goals can be more closely aligned.

The Ministry of Business, Innovation and Employment comment

- 42 The Ministry notes that the Government's focus for the starting out wage is on young people, rather than on the wider group of workers who may be facing labour market entry barriers. However, if a decision is made at a later date to extend the eligibility for the starting out wage, the Minimum Wage Act 1983 can be amended.
- 43 Setting a "floor" of 80 percent below which the starting out wage cannot fall accords with current policy in relation to the new entrants' and training minimum wages and with the emphasis placed on minimum employment standards in New Zealand's employment relations framework. In deciding to establish such a floor, and at what level, a judgement inevitably has to be made as to the balance between protection of the lowest paid and employment impacts. The Ministry considers that setting a floor at 80 percent is appropriate.

Conclusions and recommendations

- 44 While the precise nature and extent of the policy's expected benefits are uncertain, the Ministry considers that on balance, in the current environment, the proposed starting out wage will have positive employment impacts for the targeted groups. It will complement other initiatives (such as the Youth Package) aimed at supporting more young people to enter the workforce.
- 45 The Ministry recommends monitoring and evaluation (see below) of the policy to assess these impacts, and help inform any decisions on how the starting out wage may be modified in future.

Implementation

- 46 To implement the policy the Minimum Wage Act 1983 (the Act) will need to be amended to prescribe the categories for eligibility for the starting out wage.
- 47 The starting out wage rate will then be prescribed by Order in Council at a rate of at least 80 percent of the adult minimum wage.
- 48 It is proposed that the amendment to the Act be passed by March 2013 with implementation through a Minimum Wage Order in April 2013.
- 49 The implication for young people's compensation payments if they are paid below the adult minimum wage has been considered. Following advice

received from the Ministry and the Accident Compensation Corporation the Minister for ACC has agreed to continue the present policy of using the adult minimum wage as the basis for the calculation of minimum weekly earnings to calculate the minimum weekly compensation payment for ACC claimants.

- 50 The starting out wage proposal does not appear to conflict with the current employment relations policy and legislative framework.
- 51 It is proposed that employees who are receiving the starting out wage and who transfer employment, as under section 69J, Part 6A of the Employment Relations Act 2000, (allowing employees to elect to transfer on the same terms and conditions of employment in the event of restructuring) will not be considered to be starting with a new employer at their point of transfer. Therefore their time on the starting out wage prior to the transfer of employment will be counted towards their six months of continuous employment.
- 52 It should be noted that under section 67A of the Employment Relations Act 2000 some employers may use trial periods of up to 90 days to avoid raising some employees' wages to the adult minimum wage. As the extent to which this may occur is not known, incidences will be monitored by the Ministry.

Transitional arrangements

- 53 After the starting out wage comes into force, all 16 and 17 year olds and 18 and 19 year old qualifying beneficiaries (and qualifying Independent Youth Beneficiaries) who begin in a job would be eligible for the starting out wage when they enter an employment relationship with an employer.
- 54 Those 16 and 17 year olds who are already in work, and 18 and 19 year olds who have previously been on benefit for six months or longer, will remain on existing terms and conditions¹⁰ until they move to another job.
- 55 After implementation of the starting out wage, those 16 and 17 year olds on the new entrants' minimum wage will continue on that wage until they have completed three months or 200 hours, whichever is the shorter, at which point they become eligible for the adult minimum wage. They would be eligible for the starting out wage if they change employers while they are 16 or 17 years old.
- 56 After implementation of the starting out wage the new entrants' minimum wage will no longer be available for use in new employment agreements.
- 57 Those 16 to 19 year olds undertaking training at 40 to 59 credits would remain on existing terms and conditions until they renegotiate or move to another role. As long as they were required by their employment agreements to undertake recognised industry training of at least 40 credits they would be eligible for the new training wage if they moved to another job.

¹⁰ Under the Employment Relations Act 2000, those employed at the time of implementation would be protected by a requirement under the Act that the terms and conditions of employment (including wages) must be mutually agreed and cannot be unilaterally varied.

- 58 On the date the starting out wage comes into force those aged 20 years and older who were on the training minimum wage who are supervising or training other workers will be required to be paid at least the adult minimum wage.

Monitoring, evaluation and review

- 59 As this is a new approach for incentivising employers to take on labour market disadvantaged young people, monitoring and evaluating how the policy works will be important for gauging the effects on the employment of the policy's targeted young people, and also useful given that this approach could be extended or modified at a future point. There could be an opportunity to monitor the effectiveness of the starting out wage alongside the Youth Package work that will be monitored by the Ministry of Social Development (MSD).
- 60 The implementation will be monitored through activity on the starting out wage through our Contact Centre and any labour inspectors' activity.
- 61 The Ministry intends to:
- repeat the former Department of Labour's study "Decision-making and the minimum wage – employers' perspectives" to determine the role the starting out wage plays in employers' behaviour when hiring, and whether it encourages employers to take on young people,
 - include questions in its annual survey of employers to get information on uptake, and barriers,
 - replicate the 2011 Hyslop and Stillman study on the impact of the 2008 youth minimum wage reform. It is suggested this research be undertaken in 2015/16 to allow for the policy to be evaluated effectively, and
 - provide regular reports on a range of indicators to the Minister of Labour, including relevant information from other agencies where this is available. MSD will be comprehensively monitoring the implementation of the Youth Package. Officials' discussions with MSD indicate that this work will provide useful input to the evaluation of the effects of this policy.