



## COVERSHEET

<b>Minister</b>	Hon Stuart Nash	<b>Portfolio</b>	Minister for Economic and Regional Development
<b>Minister</b>	Hon Chris Hipkins	<b>Portfolio</b>	Minister for the Public Service
<b>Title of Cabinet paper</b>	Implementing a minimum living wage rate for cleaners, caterers and security guards working under public service contracts	<b>Date to be published</b>	26 November 2021

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
August 2021	Implementing a minimum living wage rate for cleaners, caterers and security guards working under public service contracts	Offices of the Minister for the Public Service and the Minister for Economic and Regional Development
12 August 2021	Cabinet Government Administration and Expenditure Review Committee Minute of Decision <b>GOV-21-MIN-0027</b>	Cabinet Office

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the following reasons:

- Confidential advice to Government



# Cabinet Government Administration and Expenditure Review Committee

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Implementing a Minimum Living Wage Rate for Cleaners, Caterers and Security Guards Working Under Public Service Contracts

**Portfolio**                      **Public Service, Economic and Regional Development**

On 12 August 2021, the Cabinet Government Administration and Expenditure Review Committee:

- 1        **noted** that a key priority for government is to ensure that New Zealanders are paid and employed fairly and decently, including through addressing low pay for government workers;
- 2        **noted** that in May 2018, GOV agreed that, as a matter of government policy, all employees in the core Public Service would receive an hourly rate \$20.55 per hour, in line with the Living Wage rate at the time [GOV-18-MIN-0020];
- 3        **agreed** that, as a matter of government policy, all cleaners, caterers and security guards working under a Public Service contract will receive a wage rate that fairly reflects the value of their work;
- 4        **directed** chief executives of Public Service departments to ensure that their departments' contracts for cleaning, catering and security guard services require workers under the contract to be paid at least a wage rate based on the Living Wage applicable at the contract date and adjusted annually, according to a government-set formula that anticipates annual increases to the Living Wage;
- 5        **noted** that the Ministry of Business, Innovation and Employment (MBIE) will develop the formula referred to in paragraph 4 above;
- 6        **agreed** that from 1 December 2021, chief executives of Public Service departments are required to commence implementing the policy outlined in paragraph 4 above in contracts in scope as they come up for tender, negotiation or renewal;
- 7        **noted** that the MBIE will prepare detailed guidance by 1 November 2021 to support departments to implement the policy;
- 8        **noted** that the estimated financial impact of \$65.9 million over four years to implement the policy is subject to the outcomes of individual contract negotiations;

- 9 **noted** that Public Service departments are expected to meet any additional costs of the policy from within baselines in the first instance;
- 10 **Confidential advice to Government**
- 11 **directed** MBIE, as the Procurement Functional Lead, to develop guidance to support Public Service departments with implementation, including a formula or tool that generates the increments to the Living Wage to be applied annually by departments;
- 12 **directed** Public Service departments to provide MBIE with information on implementation of the policy on a regular basis to support monitoring;
- 13 **noted** that the Minister for the Public Service and the Minister for Economic and Regional Development will work with officials to consider further opportunities to address low pay beyond the core Public Service, including through the mechanism of Fair Pay Agreements.

Rebecca Davies  
Committee Secretary

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**Present:**

Hon Dr Megan Woods (Chair)  
Hon Jan Tinetti  
Hon Meka Whaitiri

**Officials present from:**

Office of the Prime Minister  
Officials Committee for GOV