



## COVERSHEET

<b>Minister</b>	Hon Michael Wood	<b>Portfolio</b>	Workplace Relations and Safety
<b>Title of Cabinet Paper</b>	<b>Sustainable funding for Policy Advice and Related Services to Ministers in Workplace Relations and Safety</b>	<b>Date to be published</b>	23 September 2022

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
August 2022	<i>Sustainable funding for Policy Advice and Related Services to Ministers in Workplace Relations and Safety</i>	<i>Office of the Minister of Workplace Relations and Safety</i>
10 August 2022	<i>Sustainable funding for Policy Advice and Related Services to Ministers in Workplace Relations and Safety</i> <i>DEV-22-MIN-0187 Minute</i>	<i>Cabinet Office</i>

### **Information redacted**

**YES / NO** [select one]

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.

- Confidential advice to Government

## [In Confidence]

Office of the Minister for Workplace Relations and Safety

Cabinet Economic Development Committee

# Sustainable funding for Policy Advice and Related Services to Ministers in Workplace Relations and Safety

## Proposal

This paper seeks Cabinet approval to reallocate an underspend of up to \$1.200 million from *Workplace Relations and Safety - Employment Relations Services* in 2021/22 to the Policy Advice MCA for the Workplace Relations and Safety portfolio in 2022/23, to ensure continuity of the significant work programme during the 2022/2023 financial year.

## Background

- 1 The Ministry of Business, Innovation and Employment (MBIE) has identified a shortfall in policy advice funding for the Workplace Relations and Safety portfolio in 2022/23 and outyears. This portfolio has a substantial work programme of key commitments for the Government including:
  - 1.1 progressing Fair Pay Agreements legislation – this is a government commitment to legislate to provide a framework for setting minimum standards to lift wages and employment conditions across an industry or occupation. This will prevent the race to the bottom for jobs where wages have been held down or reduced over time. I expect this legislation to pass and commence before the end of 2022.
  - 1.2 developing a legislative proposal to provide better regulatory protections for vulnerable contractors. This will build on public consultation in 2019 and a tripartite working group process in 2021. I expect to introduce legislation for this proposal in 2023.
  - 1.3 introducing legislation to reform the Holidays Act, where there are long-standing issues of complexity and non-compliance. These reforms follow a tripartite working group in 2020, where recommended changes were approved in 2020. Those changes are currently being developed into legislation expected to be introduced in 2023.
  - 1.4 developing proposals for legislation to address modern slavery and worker exploitation. These proposals are currently being consulted on and are expected to be developed for approval in late 2022 or early 2023.
  - 1.5 continuing to progress work health and safety policy reforms, including legislation giving all workers the right to elect Health and Safety Representatives, which I expect to introduce later this year. Regulatory reforms are also needed to plant and structures regulations and the adventure activities regulatory regime following the Whakaari/White Island

tragedy (both expected to be implemented in 2023). Following this, there is a need for progressive reform of work health and safety regulations, to deliver on the comprehensive updates identified as necessary following the Pike River Royal Commission and Independent Taskforce on Workplace Health and Safety

- 1.6 developing a policy response to the public consultation on bullying and harassment at work and the Education and Workforce Select Committee inquiry into pay transparency.
- 2 This shortfall has arisen as costs have increased overtime, in line with expectations for the scale of the Workplace Relations and Safety portfolio's work programme indicated above. However, policy advice funding for this portfolio has only had relatively minor amounts of time-limited funding or expense transfers for specific purposes over at least the last seven years (ie since 2016/17).
- 3 In the past, the shortfall in policy advice funding for this portfolio has been funded via transfers across Policy Advice appropriations, including within the Vote Labour Market MCA. However, MBIE has advised me that this is not possible in 2022/23, given other demands across those MCAs.
- 4 MBIE has identified an option to reallocate an underspend of up to \$1.200 million from the *Workplace Relations and Safety - Employment Relations Services* appropriation in 2021/22, to Policy Advice in Workplace Relations and Safety portfolio in 2022/23. This would partially cover the structural shortfall in this appropriation, which is forecast to be up to \$2.450 million in 2022/23.
- 5 Confidential advice to Government

### **Financial Implications**

- 6 A reallocation of up to \$1.200 million is sought from the *Workplace Relations and Safety - Employment Relations Services* appropriation in 2021/22, to Policy Advice in Workplace Relations and Safety portfolio in 2022/23.

### **Legislative Implications**

- 7 There are no legislative implications with the proposals in this paper.

### **Impact Analysis**

#### **Regulatory Impact Statement**

- 8 Regulatory impact statement requirements do not apply to the proposals in the paper.

#### **Climate Implications of Policy Assessment**

- 9 There are no climate impacts of the proposals in the paper.

## Human Rights

- 10 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## Consultation

- 11 The Treasury were consulted in the development of this proposal and the Department of the Prime Minister and Cabinet was informed.

## Communications

- 12 I do not intend to announce the proposed transfer of funding in this Cabinet paper.

## Proactive Release


- 13 I intend to release this Cabinet Paper as soon as practicable following Cabinet decisions, should the proposed funding transfer be approved.

## Recommendations

The Minister for Workplace Relations and Safety recommends that the Committee:

1. **Note** that the Ministry of Business, Innovation and Employment (MBIE) has identified a shortfall in policy advice funding for the Workplace Relations and Safety portfolio in 2022/23 and outyears
2. **Note** that MBIE has identified an option to reallocate an underspend of up to \$1.200 million from the *Workplace Relations and Safety - Employment Relations Services* appropriation in 2021/22, to the Policy Advice in Workplace Relations and Safety portfolio in 2022/23 which would partially cover the structural shortfall in this appropriation
3. **Note** that this underspend was returned to the centre on 30 June 2022
4. **Approve** an increase of up to \$1.200 million to the *Policy Advice and Related Services to Ministers - Workplace Relations and Safety* category of the *Policy Advice and Related Services to Ministers* MCA in Vote Labour Market in 2022/23
5. **Note** that the proposed increase to the appropriation in recommendation 4 is matched by the returned underspend in the *Workplace Relations and Safety - Employment Relations Services* appropriation
6. **Authorise** the Minister of Finance and the Minister for Workplace Relations and Safety jointly to agree the final increase to the appropriation in recommendation 4 above, following completion of the 2021/22 audited financial statements, with no impact on the operating balance and/or net core Crown debt across the forecast period

7. Confidential advice to Government



Authorised for lodgement

Hon Michael Wood  
Minister for Workplace Relations and Safety