



COVERSHEET

Minister	Hon Brooke van Velden	Portfolio	Workplace Relations and Safety
Title of Cabinet paper	Minimum Wage Review: Setting the 2025 rates	Date to be published	17 December 2024

List of documents that have been proactively released

Date	Title	Author
December 2024	Minimum Wage Review: Setting the 2025 rates	Office of the Minister for Workplace Relations and Safety
December 2024	Minimum Wage Review: Setting the 2025 rates [CAB-24-MIN-0489 Minute]	Cabinet Office
28 March 2024	Review of MBIE's Minimum Wage model	Motu Economic and Public Policy Research
8 May 2024	Peer Review Report on Motu's Review of the MBIE Minimum Wage Model	Tim Maloney
November 2024	Minimum Wage Review 2024	MBIE

Information redacted

YES / NO (please select)

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.



Cabinet

Minute of Decision

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.

Minimum Wage Review: Setting the 2025 Rates

Portfolio **Workplace Relations and Safety**

On 9 December 2024, following reference from the Cabinet Economic Policy Committee, Cabinet:

- 1 **noted** that the Coalition Agreement between the National Party and New Zealand First commits to ‘moderate increases to the minimum wage every year’;
- 2 **noted** that the Ministry of Business, Innovation and Employment (MBIE) has provided the Minimum Wage Review 2024, attached to the submission under CAB-24-SUB-0489, and has recommended a two percent increase in the minimum wage, to \$23.60 per hour;
- 3 **noted** that in setting the rates that will apply for the next year, the Minister for Workplace Relations and Safety (the Minister) believes it is important for Cabinet to consider the forecast rate of inflation, which is currently trending downwards, and current high unemployment rates, which have been driven by years of high inflation, high government spending, and low growth;
- 4 **agreed** that the adult minimum wage rate be set at \$23.50 per hour (1.5 percent increase);
- 5 **agreed** to maintain the starting-out and training minimum wage rates at 80 percent of the adult minimum wage;
- 6 **agreed** that the minimum wage rate adjustments referred to in paragraphs 4 and 5 above will come into effect on 1 April 2025;
- 7 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office for an Order in Council to give effect to the above decisions;
- 8 **authorised** the Minister to make decisions, consistent with the policy outlined in the paper under CAB-24-SUB-0489, on any issues that arise during the drafting process;
- 9 **directed** MBIE and Treasury to provide advice to the Minister and the Minister of Finance on the impact of New Zealand’s minimum wage on wage compression, productivity, and incentives for people to upskill or seek promotion, before the next Minimum Wage Review is delivered.

Rachel Hayward
Secretary of the Cabinet