



COVERSHEET

Minister	Hon Brooke van Velden	Portfolio	Workplace Relations and Safety
Title of Cabinet paper	Minimum Wage Order 2025	Date to be published	7 April 2025

List of documents that have been proactively released

Date	Title	Author
February 2025	Minimum Wage Order 2025	Office of the Minister for Workplace Relations and Safety
20 February 2025	Minimum Wage Order 2025 LEG-25-MIN-0006 Minute	Cabinet Office

Information redacted

NO

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.

In Confidence

Office of the Minister for Workplace Relations and Safety
Cabinet Legislation Committee

Minimum Wage Order 2025

Proposal

- 1 I propose that the Cabinet Legislation Committee authorise the submission of the Minimum Wage Order 2025 to the Executive Council.

Relation to Government priorities

- 2 This proposal delivers on the Government's commitment to '*moderate increases to the minimum wage every year*' as specified in the National Party and New Zealand First Coalition Agreement.

Background

- 3 As Minister for Workplace Relations and Safety, I have a statutory obligation under section 5(1) of the Minimum Wage Act 1983 (the Act) to review the minimum wage rates by 31 December each year.
- 4 The minimum wage is currently \$23.15 per hour for adults and \$18.52 per hour for starting-out workers and trainees.
- 5 The Act provides that the Governor-General may, by Order in Council, prescribe the minimum wage rates for:
 - 5.1 adult workers (who are not starting-out workers or trainees) aged 16 years and over for the purposes of section 4 of the Act
 - 5.2 starting-out workers for the purposes of section 4A of the Act
 - 5.3 trainees for the purposes of section 4B of the Act.

The Minimum Wage Order 2025 gives effect to Cabinet's decision

- 6 The Minimum Wage Order 2025 gives effect to Cabinet's decision on 9 December 2024 to set the adult minimum wage rate at \$23.50 per hour and maintain the starting-out and training minimum wage rates at 80 percent of the adult minimum wage rate, starting from 1 April 2025 [CAB-24-MIN-0489].
- 7 In giving effect to Cabinet's decision, the Minimum Wage Order 2025 increases the prescribed minimum wage rates from 1 April 2025 as follows:

- 7.1 For adult workers (who are not starting-out workers or trainees) aged 16 years and over, the rate will increase from \$23.15 per hour to \$23.50 per hour.
- 7.2 For starting-out workers and trainees, the rates will increase from \$18.52 per hour to \$18.80 per hour.
- 8 For the purposes of the Minimum Wage Order 2025, and in line with past Orders, the new rates are expressed as minimum daily, weekly, and fortnightly rates (based on an 8-hour day, 40-hour week, and 80-hour fortnight, respectively).
- 9 The Minimum Wage Order 2025 revokes and replaces the Minimum Wage Order 2024.

Timing and 28-day rule

- 10 The Minimum Wage Order 2025 will come into effect on 1 April 2025. To comply with the 28-day rule, the Minimum Wage Order 2025 should be notified in the New Zealand Gazette no later than Thursday 27 February 2025.

Compliance

- 11 The regulations comply with:
 - 11.1 the principles of the Treaty of Waitangi
 - 11.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 (the BORA) and the Human Rights Act 1993
 - 11.3 the principles and guidelines set out in the Privacy Act 1993
 - 11.4 relevant international standards and obligations
 - 11.5 the Legislation Design and Advisory Committee's Legislation Guidelines (2021 edition).
- 12 The Minimum Wage Order 2025 does raise an issue of discrimination under section 19(1) of the BORA. The starting-out and training minimum wage rates continue to make distinctions on the basis of age (those aged 16 to 19 years) or employment status.
- 13 However, this discrimination appears to be justified in terms of section 5 of the BORA. There can be negative long-term economic and social effects associated with young people being out of work, especially if they remain unemployed for a significant period. Providing the ability to pay young, unskilled, and in-training workers a lower wage than the adult minimum wage is one way to get young people into work and work-based training.
- 14 The policy is a proportionate response because the starting-out and training minimum wage rates are set at 80 percent of the adult minimum wage. This is the minimum level allowable under sections 4A(2) and 4B(2) of the Act, and

supports the objective of getting young or unskilled people into work without paying them at a rate so low that it reduces the incentives to enter into training or employment.

Regulations Review Committee

- 15 There do not appear to be any grounds for the Regulations Review Committee to draw these regulations to the attention of the House under Standing Order 327.

Certification by Parliamentary Counsel Office

- 16 The Minimum Wage Order 2025 has been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact analysis

- 17 For the paper considered by the Cabinet Economic Policy Committee on 4 December 2024 and Cabinet on 9 December 2024, the Regulatory Quality Team at the Ministry for Regulation determined that a separate Regulatory Impact Statement (RIS) was not required because it would substantively duplicate the Ministry of Business, Innovation and Employment (MBIE)'s Minimum Wage Review 2024 (the Review).
- 18 The Regulatory Impact Assurance Panel at MBIE assessed the Review and confirmed that it substituted for a RIS and that the information and analysis contained in the Review met the Quality Assurance criteria.

Communications

- 19 I announced the new minimum wage rates for 2025 on 17 December 2024. The Review, Cabinet paper and minute of decision for the 2025 minimum wage rates are all publicly available on MBIE's website.

Proactive Release

- 20 This paper will be proactively released (subject to redactions in line with the Official Information Act 1982) within 30 business days of decisions being confirmed by Cabinet.

Consultation

- 21 MBIE consulted with BusinessNZ and the New Zealand Council of Trade Unions on the changes to the minimum wage rates, as has been the case in recent reviews.
- 22 MBIE also consulted with key government agencies on the potential cost implications of the minimum wage options. The Ministry of Social Development, Ministry of Education, Accident Compensation Corporation, New Zealand Defence Force and Health New Zealand Te Whatu Ora identified potential cost implications.

- 23 The Treasury and Department of the Prime Minister and Cabinet (Policy Advisory Group) were consulted on MBIE's draft Review.

Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 **note** that the Minister for Workplace Relations and Safety has a statutory obligation under section 5 of the Minimum Wage Act 1983 to review the minimum wage rates by 31 December each year and may make recommendations to the Governor-General regarding the adjustment through an Order in Council;
- 2 **note** that, on 9 December 2024, Cabinet agreed to:
 - 2.1. set the adult minimum wage at \$23.50 per hour [CAB-24-MIN-0489], and
 - 2.2. retain the starting-out and training minimum wage rates at 80 percent of the adult minimum wage rate [CAB-24-MIN-0489];
- 3 **note** that as a result of the decision referred to in recommendation 2.2 above, the starting-out and training minimum wage rates will increase from \$18.52 per hour to \$18.80 per hour;
- 4 **note** that the Minimum Wage Order 2025 will give effect to the decisions referred to in recommendations 2 and 3 above;
- 5 **authorise** the submission to the Executive Council of the Minimum Wage Order 2025;
- 6 **note** that the Minimum Wage Order 2025 will come into force on 1 April 2025.

Authorised for lodgement

Hon Brooke van Velden

Minister for Workplace Relations and Safety