



COVERSHEET

Minister	Iain Lees-Galloway	Portfolio	Workplace Relations and Safety
Name of package	Minimum Wage Order 2019	Date of issue	26 March 2019

List of documents that have been proactively released

Date	Title	Author
12/2/2019	Increasing the Minimum Wage to \$17.70 from 1 April 2019	Office of the Minister for Workplace Relations and Safety
12/2/2019	Minute of Decision: Minimum Wage Order 2019	Cabinet Office
18/2/2019	Cabinet Minutes	Cabinet Office

Information withheld

Some parts of this information release are not appropriate to be released and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified and are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Section of the Act	Reason for withholding
	Out of scope of the proactive release of information relating to the Minimum Wage Order 2019

In Confidence

Office of the Minister for Workplace Relations and Safety

Chair, Cabinet Legislation Committee

Increasing the Minimum Wage to \$17.70 from 1 April 2019

Proposal

- 1 I propose that the Cabinet Legislation Committee authorise the submission of the *Minimum Wage Order 2019*.

Background

- 2 The minimum wage is currently \$16.50 per hour for adults and \$13.20 per hour for starting-out workers and trainees. The adult minimum wage is paid to approximately 71,500 workers.
- 3 The *Minimum Wage Act 1983* (the Act) provides that the Governor-General may, by Order in Council, prescribe the minimum wage rates for:
 - 3.1 adult workers aged 16 years and over for the purposes of section 4 of the Act
 - 3.2 starting-out workers for the purposes of section 4A of the Act
 - 3.3 trainees for the purposes of section 4B of the Act.

The *Minimum Wage Order 2019* gives effect to Cabinet's decisions

- 4 The *Minimum Wage Order 2019* gives effect to Cabinet's decisions to increase the adult minimum wage, and the starting-out and training minimum wage rates, from 1 April 2019 [DEV-18-MIN-0309]. There are no changes to Cabinet's decisions.
- 5 The *Minimum Wage Order 2019* increases the minimum wage as outlined below.
 - 5.1 For adult workers aged 16 years or over, the rate will increase from \$16.50 per hour to \$17.70 per hour. For the purposes of the Order, this rate is also expressed as \$141.60 per day plus \$17.70 per hour for each hour exceeding 8 hours worked on a day, or \$708 per week plus \$17.70 per hour for each hour exceeding 40 hours worked in a week, or \$1,416 per fortnight plus \$17.70 per hour for each hour exceeding 80 hours worked in a fortnight.
 - 5.2 For starting-out workers, the rate will increase from \$13.20 per hour to \$14.16 per hour. For the purposes of the Order, this rate is also expressed as \$113.28 per day plus \$14.16 per hour for each hour exceeding 8 hours worked on a day, or \$566.40 per week plus \$14.16 per hour for each hour exceeding 40 hours worked in a week, or \$1,132.80 per fortnight plus \$14.16 per hour for each hour exceeding 80 hours worked in a fortnight.

- 5.3 For trainee workers, the rate will increase from \$13.20 per hour to \$14.16 per hour. For the purposes of the Order, this rate is also expressed as \$113.28 per day plus \$14.16 per hour for each hour exceeding 8 hours worked on a day, or \$566.40 per week plus \$14.16 per hour for each hour exceeding 40 hours worked in a week, or \$1,132.80 per fortnight plus \$14.16 per hour for each hour exceeding 80 hours worked in a fortnight.

Timing and 28-day rule

- 6 The *Minimum Wage Order 2019* will come into effect on 1 April 2019.
- 7 In order to comply with the 28-day rule, the *Minimum Wage Order 2019* should be notified in the New Zealand Gazette on 21 February 2019.

Compliance

- 8 The regulations comply with:
- 8.1 the principles of the Treaty of Waitangi
 - 8.2 the principles and guidelines set out in the Privacy Act 1993
 - 8.3 relevant international standards and obligations
 - 8.4 the Legislation Design and Advisory Committee's *Legislation Guidelines* (2018 edition).
- 9 The *Minimum Wage Order 2019* does raise an issue of discrimination under section 19(1) of the *New Zealand Bill of Rights Act 1990* (BORA). The starting-out and training minimum wage rates continue to make a distinction on the basis of age, namely those aged 16 to 19 years, or employment status.
- 10 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 of time. 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. This encourages employers to take a chance on a young person, and provide opportunities for 16 to 19 year olds to engage in training in their chosen occupation. Young people can earn money, gain skills and get work experience. It mitigates some effects of long-term unemployment by assisting young people into work before they move into a cycle of welfare dependency.

Regulations Review Committee

- 11 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 319.

Certification by Parliamentary Counsel

- 12 The *Minimum Wage Order 2019* has been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact analysis

- 13 A Regulatory Impact Statement accompanied the Cabinet Economic Development Committee paper seeking agreement to an increase to the minimum wage rates [DEV-18-MIN-0309].

Publicity

- 14 An announcement of the new minimum wage rates was made on 19 December 2018.
- 15 The previous Cabinet Economic Development Committee paper and other relevant documents have been uploaded to the Ministry of Business, Innovation and Employment's website.
- 16 I intend to proactively release this Cabinet paper.

Consultation

- 17 The following agencies were consulted on this paper: the Treasury, State Services Commission, Accident Compensation Corporation, Department of Prime Minister and Cabinet (Child Poverty Unit and Policy Advisory Group), the Reserve Bank of New Zealand, Te Puni Kōkiri, Inland Revenue, Oranga Tamariki, the Ministries of Health, Education, Social Development and Justice, and the Ministries for Pacific People and Women.

Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 note that on 12 December 2018 the Cabinet Economic Development Committee agreed to increase the adult minimum wage rate from \$16.50 per hour to \$17.70 per hour, and to increase the starting-out and training minimum wage rates from \$13.20 per hour to \$14.16 per hour [DEV-18-MIN-0309]
- 2 note that the Minimum Wage Order 2019 will give effect to the decision referred to in recommendation 1 above
- 3 authorise the submission to the Executive Council of the Minimum Wage Order 2019
- 4 note that the Minimum Wage Order 2019 will come into force on 1 April 2019.

Authorised for lodgement

Hon Iain Lees-Galloway

Minister for Workplace Relations and Safety