



COVERSHEET

Minister	Hon Brooke van Velden	Portfolio	Minister for Workplace Relations and Safety
Title of Cabinet paper	Minimum Wage Order 2024	Date to be published	8 April 2024

List of documents that have been proactively released

Date	Title	Author
February 2024	Minimum Wage Order 2024	Office of the Minister for Workplace Relations and Safety
22 February 2024	Minimum Wage Order 2024 LEG-24-MIN-0010 Minute	Cabinet Office

Minute

Information redacted

YES / NO (please select)

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Some information has been withheld for the reason of Legal professional privilege.

In Confidence

Office of the Minister for Workplace Relations and Safety

Cabinet Legislation Committee

Minimum Wage Order 2024

Proposal

- 1 I propose that the Cabinet Legislation Committee authorise the submission of the Minimum Wage Order 2024 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 The minimum wage is currently \$22.70 per hour for adults and \$18.16 per hour for starting-out workers and trainees.
- 4 The Minimum Wage Act 1983 (the Act) provides that the Governor-General may, by Order in Council, prescribe the minimum wage rates for:
 - 4.1 adult workers (who are not starting out workers or trainees) aged 16 years and over for the purposes of section 4 of the Act
 - 4.2 starting-out workers for the purposes of section 4A of the Act
 - 4.3 trainees for the purposes of section 4B of the Act.

The Minimum Wage Order 2024 gives effect to Cabinet's decision

- 5 The Minimum Wage Order 2024 gives effect to Cabinet's decision on 30 January 2024 to increase the adult minimum wage rate to \$23.15 per hour and maintain starting-out and training minimum wage rates at 80 percent of the adult minimum wage rate, starting from 1 April 2024 [CAB-24-MIN-0016].
- 6 In giving effect to Cabinet's decision, the Minimum Wage Order 2024 increases the prescribed minimum wage rates from 1 April 2024 as follows:
 - 6.1 For adult workers aged 16 years and over, the rate will increase from \$22.70 per hour to \$23.15 per hour. For the purposes of the Minimum Wage Order 2024, and in line with past Orders, this rate is also expressed as minimum daily, weekly, and fortnightly rates (based on an 8-hour day, 40-hour week, and 80-hour fortnight, respectively).
 - 6.2 For starting-out workers and trainee workers, the rate will increase from \$18.16 per hour to \$18.52 per hour. For the purposes of the Minimum

Wage Order 2024, and in line with past Orders, this rate is also expressed as minimum daily, weekly, and fortnightly rates (based on an 8-hour day, 40-hour week, and 80-hour fortnight, respectively).

- 7 The Minimum Wage Order 2024 revokes and replaces the Minimum Wage Order 2023.

Timing and 28-day rule

- 8 The Minimum Wage Order 2024 will come into effect on 1 April 2024. To comply with the 28-day rule, the Minimum Wage Order 2024 should be notified in the New Zealand Gazette no later than Thursday 29 February 2024.

Compliance

- 9 The regulations comply with:
- 9.1 the principles of the Treaty of Waitangi
 - 9.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993
 - 9.3 the principles and guidelines set out in the Privacy Act 1993
 - 9.4 relevant international standards and obligations
 - 9.5 the Legislation Design and Advisory Committee's Legislation Guidelines (2021 edition).
- 10 The Minimum Wage Order 2024 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.
- 11 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.
- 12 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

- 13 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.

Legal professional privilege



Impact analysis

- 17 For the paper considered by the Cabinet Business Committee on 25 January 2024, the Regulatory Quality Team at the Treasury determined that a separate Regulatory Impact Statement (RIS) was not required because it would substantively duplicate MBIE's Minimum Wage Review 2023 (the Review).
- 18 The Regulatory Impact Assurance Panel at MBIE reviewed 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 2024 on 1 February 2024. The Review, Cabinet paper and minute of decision for the 2024 minimum wage rates are all publicly available on the MBIE 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.

Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 **note** that, on 30 January 2024, Cabinet agreed to:
 - 1.1. increase the adult minimum wage rate from \$22.70 per hour to \$23.15 per hour [CAB-24-MIN-0016], and
 - 1.2. retain starting-out and training minimum wage rates at 80 percent of the adult minimum wage rate [CAB-24-MIN-0016]
- 2 **note** that as a result of the decision referred to in recommendation 1.2 above, the starting-out and training minimum wage rates will increase from \$18.16 per hour to \$18.52 per hour
- 3 **note** that Minimum Wage Order 2024 will give effect to the decisions referred to in recommendations 1 and 2 above

Legal professional privilege

- 5 **authorise** the submission to the Executive Council of the Minimum Wage Order 2024
- 6 **note** that the Minimum Wage Order 2024 will come into force on 1 April 2024.

Authorised for lodgement

Hon Brooke van Velden

Minister for Workplace Relations and Safety