



## COVERSHEET

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

### List of documents that have been proactively released

| <b>Date</b>   | <b>Title</b>                                                         | <b>Author</b>                                             |
|---------------|----------------------------------------------------------------------|-----------------------------------------------------------|
| 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

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### 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