



# Living Wage Movement Aotearoa NZ

## 2015 Update

### A new rate of \$19.25 per hour

The recalculated Living Wage hourly rate for 2015, which comes into effect 1 July 2015, is set at \$19.25. This is an increase, in line with the average movement in wages, of 45 cents on the 2014 rate. The Living Wage enables working parents to afford for their children to go on a school trip, provide healthy food and pay basic household bills. For many it is the difference between barely surviving and having a life.

The rate will apply from July 1, 2015, for Living Wage Accredited Employers.

### The Living Wage defined

The Living Wage is defined as: *The income necessary to provide workers and their families with the basic necessities of life. A living wage will enable workers to live with dignity and to participate as active citizens in society ([www.livingwage.org.nz](http://www.livingwage.org.nz)).*

The original Living Wage announced in February 2013 was set through independent research by the Family Centre Social Policy Research Unit led by Charles Waldegrave, who continues to provide the updates on an annual basis.

### Calculating the rate

The Living Wage rate is based on expenditure items for a modest weekly budget. Annual updates reflect wage movements because the Living Wage is a rate in the market. A full review every five years will involve analysis of the movements in expenditure items, wages and inflation to check that the annual increases remain realistic, robust and true to the Living Wage definition.

Wage movement is reported by Statistics New Zealand in the Quarterly Employment Survey (QES) and the calculated rate is set according to the wage movement for the year to June the previous year because this was the basis of the first determination. The QES measures the average hourly wage bill across all jobs in New Zealand. The average ordinary time hourly earnings for the year to June 2014 increased 2.5% from the year to June 2013. The movement of 2.5% on \$18.80 was then rounded down to \$19.25.

### A modest increase

This figure sits at 68 percent of the average hourly earnings in New Zealand (\$28.23) for the same quarter. The most recent HES data for expenditure figures on essential items used in calculating the rate rose by 3.4 percent. It is therefore a modest increase for workers struggling to survive and participate in society.

The increase of 2.5% is small compared to CEOs of major NZX companies who earn on average \$1.4million, or \$665 per hour, 34.5 times the 2015 Living Wage rate. CEO rates rose on average 4% in 2013 with the ANZ's David Hisco on the top of the list earning \$4.1million a year or \$1982 per hour - over 100 times the Living Wage.