Response to Brian Scott's Critique: A review into a living wage rate in New Zealand

29 January 2014

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Brian Scott (2013) issued a paper that critiqued the 'Report of an investigation into defining a living wage for New Zealand' (2012) written by Peter King and Charles Waldegrave (the author of this response). The Report was commissioned by Living Wage Aotearoa New Zealand to develop an empirical basis for setting a Living Wage for New Zealand. The living wage level was set at $18.40 per hour in February 2013 (King and Waldegrave 2013). Scott's paper has been given prominence on David Farrar's (self-confessed 10 out of 10 to the right on economic issues) Kiwiblog 3 January 2014.

This paper addresses the conceptual basis and evidence of Scott's critique. It demonstrates the critique lacks an informed understanding of the definition of a living wage, confuses market wage rates and welfare transfers, selectively applies international comparative data, consistently misapplies the use of Statistics New Zealand's Household Economic Survey database and provides no evidence for his assertions about the impacts on morale and productivity.

Defining the living wage

Scott correctly refers to the definition of the living wage in his introduction (p.4):

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" (Living Wage Aotearoa New Zealand 2013),

but the whole tenor of his critique is based on a view of the deserving poor who may qualify for basic necessities, but not *live with dignity and participate as active citizens in society.* He refers to *"many items that may not be considered 'necessities' by the community at large" (p.12)* that may have been included in the calculations. He refers to this again in his conclusion citing items not even referred to in our report (p24).

Scott displays is a misunderstanding of the definition of the living wage when he dismisses all budget items that are not "basic necessities". Basic necessities are what 'poverty lines' and 'minimum wages' are about. A living wage, on the other hand, refers to having those necessities, but also other things required to enable modest participation in society. Examples in our Report included being able to afford a computer, especially for children in a household, paying for children to enjoy a school trip and being able to mix with friends recreationally, albeit modestly. Other examples include being able to afford a modest insurance policy and even a trip to family in Australia or Samoa for an important occasion where savings have been put aside or extended family contribute.

Scott critiques many items on the grounds they are not basic necessities. (He also implies expensive luxury items were included which will be separately addressed later in the paper.) There is no need for a new measure of basic necessities because we

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already have a statutory minimum wage and a generally agreed poverty threshold. The Report reflected the definition of the living wage when it stated that in New Zealand the poverty threshold is generally accepted to be 60 percent of median household disposable income after housing costs[2].

If a LW is to be effective, it needs to contribute adequately to the makeup of household income which would enable a household to earn an income considerably above the poverty threshold and at the same time well below the New Zealand household median income (King and Waldegrave, 2012 p.3).

It is the ability to participate socially and even consider the future with modest savings and/or a small insurance policy that distinguishes a living wage from a minimum wage or a poverty threshold. The whole tenor of Scott's paper ignores this critical aspect of the definition.

The living wage is not mandatory

The concept of a living wage has gained considerable interest in a number of developed countries where inequalities have grown faster than the average for developed countries. New Zealand is one of those nations. A living wage attempts to address wellbeing in our community and, in particular, the problem of employees at the lower income end becoming increasingly socially excluded. Often they struggle to afford even basic necessities, let alone live with dignity and participate as active citizens in society, despite the fact they are working full time.

The Ministry of Social Development in its latest report on Household Incomes in New Zealand, for example, states that *"on average from 2007 to 2012, around two in five (40%) poor children still came from working families" (Perry 2013).*

The living wage is not compulsory. It carries moral force and tests business ethics. Boris Johnson, the Conservative Mayor of London whose Council pays the living wage, says that "*by building motivated, dedicated work forces the Living Wage helps businesses to boost the bottom line and ensures that hard working people who contribute to London's success can enjoy a decent standard of living" (Johnson 2012a)*

The network of organisations promoting the living wage in New Zealand, have been very clear that the living wage is quite separate from the statutory compulsory minimum wage. It is not suggested that the minimum wage be lifted to the level of the living wage. They are quite separate entities.

An earlier Treasury critique (Galt and Palmer 2012) clearly misunderstood this referring to the adoption of the living wage as a minimum wage and, despite public refutation, Scott quotes the Treasury summary in full (p.9) to support his case. Furthermore, he implies, by way of example, that wage bills would need to be increased by 30 percent to implement the living wage (p.20). An employee would have to be very close to the minimum wage to require a 30 percent increase. Most are nearer to the living wage of $18.40 an hour than that. Scott's and Treasury's approach is quite misleading and creates fear and misunderstanding.

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[2] Perry, B. (2013) Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2012, Wellington: Ministry of Social Development

Market wages and welfare transfers
In line with his earlier assumptions about the deserving poor, Scott quotes the Treasury summary that states the living wage is *"not well targeted at low income families with children" (p.9)* to support his case. The Treasury and Scott have confused the role and nature of market wages and welfare transfers.

The living wage is a wage in the market place. Although it has an important role in addressing growing inequalities, it is not a welfare transfer. People live in households, but are paid in the market as individuals regardless of their household obligations. A living wage is an individual market wage. Thus, if the living wage is paid at a level to support a household of 2 adult + 2 children on 1.5 incomes as the Report suggests, then it will be more generous to a household of 2 adults without children and more stringent for a family with 3 or more children. It will be more generous to a family without a disabled child than to a family with one. The market pays a wage for workers to do particular jobs regardless of their family size, medical needs or other financial obligations.

This is in contrast to a targeted welfare transfer. Not all welfare transfers are targeted; some are universal like NZ superannuation. However, targeted welfare transfers such as the domestic purposes benefit, the unemployment benefit and child tax credits are paid differently according to family size, particular needs and housing costs.

The living wage is a market wage paid by employers. It is not in itself a government welfare transfer. At the same time, however, the level of the market living wage is affected by levels of government taxes and transfers. The living wage is calculated in such a way as to ensure that a particular, living, level of disposable income can be met from a combination of after tax market income and available transfers. For example, the current level of the living wage is $18.40 per hour, given the existing levels of income tax and government transfers. If tax rates were lower and/or transfers were more generous the level of the living wage to be paid by employers would be less than $18.40. Conversely, if tax rates were higher and/or transfers less generous the level of the living wage to be paid by employers would be more than $18.40. Any targeting that is associated with the living wage takes place through the tax policies and income transfers that are implemented by the government. A household with three children that is receiving income from 1.5 living wages will be eligible for larger income transfers and thus have a higher disposable income than the household with two children.

Scott and the authors of the Treasury report demonstrate confusion and misunderstanding when they say the living wage is not well targeted. It is a market mechanism that is directed to lift the incomes of low paid workers. It will certainly do that. One assumes they recognise the same principle with the minimum wage or various wage agreements that are paid regardless of family type, need or circumstances. It is quite inappropriate to apply welfare transfer principles to market mechanisms.

Composition of the household and international comparisons
Scott criticises the family type (2 adults and 2 children on 1.5 incomes) adopted in the Report stating, *"other jurisdictions either set one rate that is the weighted average of different household compositions, or publish all the individual rates". (p.8).*

This is misleading. The UK is the only jurisdiction that uses weighted averages for different family types, including single people through to couples with children (GLA 2013). Canada's household composition formula, on the other hand, as Scott notes on page 26, involves 2 adults and 2 children (Richards et. al. 2008). And the US, despite having varying formulae in different States, generally focuses on 2 adult and 2 children families. Maloney and Gilbertson in their literature review of the effects of the living wage in North America the UK and New Zealand said,

"In the U.S., the living wage is often motivated as the wage that would be required for a single full-time, year-round worker to lift a family consisting of two adults and two children above the official poverty line (sometimes adjusted for higher costs of living in that city)" (p.5)

These are the only three jurisdictions he refers to and two of them use the same family type as the Report. Scott does not appear to be aware of the living wage ordinances in different State and City legal frameworks in the US, which set the living wage in their area. In Minneapolis, for example, it is set at 130% of official poverty threshold for a family of 4 without health coverage and 110% of the threshold where health coverage is provided by the employer (Community Planning & Economic Development, 2013). The published individual rates Scott refers to are calculators that community organisations and citizens can use to negotiate an appropriate level for a living wages with public sector employers and businesses in their area. The Massachusetts Institute of Technology living wage website http://livingwage.mit.edu/ is the most well-known.

The household composition of 2 adults and 2 children chosen in the Report is pretty much in line with other jurisdictions for good reasons. If a living wage is to enable workers to live with dignity and to participate as active citizens in society, it must be sufficient for families with children. In other words, the adult earners in the household between them need sufficient income to be able to at least participate modestly in society with their children. If two incomes, one being fulltime, can't afford that, then it is less than a living wage. 2 adults and 2 children were chosen as the household composition in the Report for these reasons and also because it is a common NZ family size. Furthermore it is the minimum average sized family required to ensure population replacement.

The weighted averages of single families, families without children and families with children skew the living wage in the UK towards a household with less than 2 adults and less than 2 children. It has not been adopted elsewhere in the world probably for that reason.

Working hours per week and international comparisons
Scott then questions the chosen household income unit of 1.5 incomes, i.e. 60 hours a week between the adult couple, citing the Canadian formula which applies 70 hours, 35 hours each for both parents (p.8).

As noted above, the US formulas tend to use the income of one parent in fulltime employment, whereas the UK uses 1.44 incomes, not that different from the Report at 1.5. In the UK though, full time work is officially 38.5 hours and so they calculate 55.5 hours (38.5 + 17 hours).

The average of the four jurisdictions (USA 40 hours, UK 55.5 hours, New Zealand 60 hours and Canada 70 hours) is 56.38, not that far from the 60 hours chosen in the Report. The parameters are judgements as to what is considered reasonable in order to for a family in New Zealand to *live with dignity and to participate as active citizens in society.*

The Report chose two incomes because the Statistics New Zealand Household Labour Force Survey (HLFS) results for June 2012 show that in 68.5 percent of households with two adults and two dependent children, both adults were income earners. It chose 1.5 incomes to allow one parent to be home with their children for half a working week however that may be divided.

Detailed itemised budgets and international comparisons

Scott claims that in contrast to the Report, *other jurisdictions use detailed itemised budgets in their calculations (p.12)* and cites the London and Canadian living wages as preferable examples. However the London calculation only applies budget items for one of the three parts of their calculation. They take a low cost budget calculation and then use an income distribution approach and calculate 60 percent of the median income averaged for a number of different family types. They then take the average of the two measures and add 15 percent. The additional 15 percent is an estimate *"to protect against unforeseen events" (GLA Economics p.6)*

This is hardly a detailed itemised budget approach. It is a mix of a basket of goods and a relative (percentage of median) approach with 15 percent added. It is difficult argue that this approach and its assumptions, particularly the 15 percent add on, is more robust than the itemised approach used in the Report (Scott's criticisms about the use of HES data will be addressed later in this paper).

The Canadians use a Market Basket Measure and where possible have a reasonably precise cost for specific measurable items like food and housing costs as the Report does. However many other costs differ from household to household and so they apply less objective measures using focus group estimates, data from the Statistics Canada Survey of Household Spending and an estimated calculation for a variety of expenses including personal care, household supplies and furniture, school supplies and modest levels of reading materials, recreation and entertainment which is simply set at 67.5 percent of the total expenses for food and for clothing and footwear (Richards et. al 2008).

One could hardly claim that the use of focus groups and the 67.5 percent best (gu)estimate for the variety of expenses noted above provided more detailed budget items than those applied in the Report. They also used the Canadian Survey of Household Spending which is the equivalent of the expenditure data the Report used from Statistics New Zealand's Household Economic Survey (HES) that Scott has levelled so much criticism of.

It is not possible to estimate with detailed accuracy quite a number of household budget items across communities. Households purchase several thousand different goods and services as the HES demonstrates. There are conventions and recognised best practice. Each country chooses their methodology based on the databases available, the government transfers provided and the tax systems they have to navigate.

Luxury items in the Household Economic Survey (HES) database
Scott, throughout his critique, uses the HES database to imply the living wage is made up of a number of luxury items.

He selects luxury items out of the HES database with average weekly expenditure for all households, including upper income groups and the very wealthy, to imply the living wage includes *“international air transport”, “hang gliders”, “telecommunications and subscription TV packages”, “jewellery and watches”* and a host of other items (p.13). This is provocative and misleading.

HES data is the record Statistics NZ gather to show movements in income and expenditure for all New Zealanders. Everyone is asked all categories, but lower income households are hardly likely to be recording owning hang gliders or regular international travel. Scott even notes in the small print underneath his table that the dataset he has selected *“is for all incomes, not just deciles 1-5”.*

The Report states clearly that only the average of the lower five income deciles was used. By selecting the following title to his table, Scott appears to be deliberately misleading readers:

“Table 2 Items used in Living Wage Calculation that may have issues concerning community support as a necessity, double counting, or inconsistency with assumptions” (p.13).

Already an article has appeared in a major New Zealand daily referring to Scott’s paper with a sub-headline in bold saying, *“Not everyone would agree that Sky TV, pets, International travel and video games are ‘basic necessities’” (Young DomPost 14/1/14 p.A9).* The categories mentioned are directly quoted from this table. The intention appears to be more political and ideological than scientific. And once again he is misleadingly describing the Living Wage as being about “necessities.”

Modest expenditure on some items like this is part of *living with dignity and participating as active citizens in society*: a family funeral in Australia or the Pacific, modest entertainment, or a pet. The HES adds only an average across all households, reflecting the fact that not all households purchase all of these items, and in fact many purchase none.

The databases used

1. ***Food costs*** The Report applied the best available data sources in New Zealand to provide an empirical basis for setting the living wage. Food costs were taken from the annual Food Cost Survey carried out by the University of Otago’s Department of Human Nutrition. They estimate food costs based on the New Zealand Food and Nutrition guidelines that will meet the nutritional needs of most healthy people. They set the costs for different family types and age groups in 3 differing categories: Basic; Moderate; and Liberal.

   The **Basic** category is the lowest cost one and the one used for the living wage category. It assumes that all foods will be prepared at home. It includes the most commonly consumed fruits and vegetables and the lowest priced items within each food category. The mean national figure for 2 parents and 2 children of different ages in this category was used. It came to $226 per week.

Scott quibbles that a higher figure was reached because the family has 10 hours child care costs so one child must be a pre-schooler (pp.10&11). Averaging across the ages may underestimate this. He does not offer an alternative figure despite the formula being transparent in the Report.

However, the mean national figure included two age levels of pre-school food costs. Furthermore the difference between the basic food costs for a 4 year old and a 5 year old is $1. It would be hard to argue that $226 a week ($32.28 a day) for all food costs is an over estimation for a family of 4 whatever ages the children were.

2. ***Housing costs*** Housing costs were taken from the Ministry of Business, Innovation and Employment's (MBIE) Tenancy Bond database. This database carries up-to-date figures for rental costs for all New Zealand regions, districts and suburbs. The housing cost figure used to determine the living wage was the average lower quartile rent for a three bedroom house in New Zealand. The figure was $275 per week.

   Scott argues that a two or three bedroom house could have been used and so the weighted average between the two would have produced a lower figure (p.16). However this is a Report about the New Zealand living wage, so we applied the same criteria as Statistics New Zealand. They, like us, apply the Canadian National Occupancy Standard to measure overcrowding. Among the specifications is a requirement that a child aged aged 5-17 years should not share a bedroom with one under five of the opposite sex. Thus a three bedroom rented house was chosen.

   He also suggested that some expenditure, like mortgage and dwelling insurances, are inconsistent with renting (pp.2,16&24), and thus increase the expenditure items through double counting. However, the Report states clearly that the Other Expenditure budget item was *"reduced from the original HES figure of $96 which is mostly comprised of mortgage interest, and does not apply to our target families" (p.11).*

   With regard to dwelling insurance under the Miscellaneous Goods and Services category in HES, it is too small an item to locate for deciles 1-5. Only 28 percent of survey participants actually recorded the expenditure and one would suppose most of those would be among the higher deciles. The numbers would be too small to be considered reliable. It is quite petty and certainly doesn't suggest housing costs are over counted. If it is put alongside the fact that the Report used the national average lower quartile rent which was well below Auckland rents, we may well have underestimated the housing costs by more than $50. We noted this in the Report (p.12).

3. ***Most other budget items*** While the databases for food and housing costs are reasonably reliable, it is difficult to estimate costs for many items that don't involve consistent and regular weekly payments. Health costs are unpredictable, transportation can become unexpectedly expensive if a car relied on for transportation to work breaks down and many household goods and services are purchased irregularly.

The only database in New Zealand with a national random sample that collects these expenditures is HES. It has a sample size of around 4,500 and the full expenditure data is collected every three years. Scott criticises the use of this database constantly throughout his review but offers nothing practical in its place. It would be extraordinarily costly to carry out original research that accurately reflected the expenditure required to meet every last condition of a totally accurate living wage. It is simply impracticable.

The calculations developed in other countries, as noted above, just add an estimated percentage to cover a range of these costs. The use of actual New Zealand expenditure data from a national random sample by an independent body like Statistics New Zealand must be preferable to the estimated percentages other counties use.

Scott also criticises the use of the mean of deciles 1-5 for 2 adults and 2 children to estimate these costs (p.17). However, we used the first five deciles to maximise the sample size for that family type to create a more reliable measure. We then then calculated the mean of those expenditures for each item assuming they would reflect expenditures close to the lower quartile.

4. ***Childcare*** 10 hours were allowed for childcare costs, given one adult worked 20 hours a week and 3 and 4 year olds have access to 20 hours free early childhood education in New Zealand. The focus groups indicated that $7 an hour was an average cost for childcare and that was confirmed by checking with childcare centre websites. For incomes below $62,400, the government childcare subsidy is $3.91 which reduced the cost to $3.09. 10 hours at those rates would come to $30.90 which was rounded to $31.

   Scott questioned the figure of $7 per hour claiming *"an internet search for this review quickly found rates of under $5 for childcare" (p.11)* and cited a website for a day care centre, the High Five Early Education Centre in Hataitai Wellington http://www.high-five.co.nz/

   He had to use long hours for the child to be in care to achieve that cheaper hourly rate, but our exemplar household only used 10 hours a week, because of the 20 free hours of early childhood education for 3 and 4 year olds. Even on the website of his choice, the rate for a 3 or 4 year old (outside the free hours) for 10 hours is $6.80. There are also issues here of quality of childcare if families are forced to lowest cost options.

   He also claimed that child care costs were counted twice because early childhood education is included with primary, secondary, tertiary and other educational fees under the HES Education classification. He failed to note though that less than 6 percent of households reported this expenditure in HES, making it an unreliable figure. There is no indication which deciles they came from anyway.

5. ***Other expenditure*** Scott again claims there is double counting in the Other expenditure category stating the Report limits savings to the two percent

KiwiSaver deduction and all other items in this category have already been previously counted (p.16).

The footnote he cites in the Report concerning KiwiSaver actually says the opposite, *“other saving in addition to KiwiSaver is also allowed for here” (p.11).* It also allows $10 for non-mortgage interest payments.

In the poverty research we have carried out from the Family Centre Social Policy Research Unit, we spent 15 years running budget setting focus groups with low income families throughout New Zealand. Almost without exception they put aside a certain amount each week for exceptional circumstances because most low income families have nothing else to fall back on if there is an unexpected event like a funeral or tangihanga, medical costs beyond the $14 budgeted, a need to travel to, or support an ageing family member and the like. These are costs that most low income families consider as necessities. Whether or not that is agreed, they are certainly costs of participating in society and they have not been previously counted as Scott states (p.16).

6. ***Focus groups*** Scott states there are different assumptions about dependents in the Report and he identifies the descriptions referred to in the focus groups as being at variance with other descriptions of them (p.10). He later refers again to the focus groups claiming they provide an inconsistent account of childcare when compared with other descriptions in the Report (p.11).

   He seems not to appreciate that the account of the focus groups concerned the initial attempt to develop a consultation with working people on a living wage. The Report states clearly that the expenditure estimates provided by the focus group members proved to be too high for helping develop a credible living wage calculation and so they were not used to develop it, with the exception of helping estimate emergency expenditure noted above. The results were, in fact, abandoned and the living wage was produced from secondary source data, because in that instance it was considered to be more reliable.

   So it is not possible for the focus groups to have assumptions at variance and inconsistent accounts with the other data used to calculate the living wage. They simply weren’t included.

7. ***Independent assessment of calculations*** The Ministry of Business, Innovation and Employment using their Strategic Research and Evaluation, Labour Group, carried out an analysis of the calculations in our Report soon after the release of the living wage in February 2013 for the Minister of Labour Hon Simon Bridges. They concluded that:

   “The data used to calculate the LW has been carefully constructed and the methodology is comprehensive”
   and
   “The methodology makes reasonable assumptions about costs (eg household will be renting not buying homes)” (MBIE 2013)

The level of the living wage compared with other jurisdictions

Scott states that the living wage in New Zealand has been over estimated (pp.2,10,19) using many of the arguments that have been addressed above. He compares other jurisdictions and implies the New Zealand figure is too high. However he only produces the living wage figure for London of £8.80.

His description of the living wage in Canada conveniently avoids the figure. There it is calculated city by city. In Vancouver it is currently $NZ 21.40, $NZ3 an hour above the New Zealand rate of $18.40. For most cities in British Colombia for example, the living wage is higher than New Zealand's.

The London rate of £8.80 ($NZ17.49) is less than a dollar lower than the New Zealand rate. It is lower in the UK because the government provides a child benefit payment of $NZ 66.10 per week for two children on top of more generous child and working tax credits. They also have much more extensive affordable social housing programmes and public transport systems than we do.

The Report made it clear that the welfare tax and benefit transfers increase or reduce the level of the living wage, depending on their generosity to citizens, so comparing dollar amounts without taking these other factors into account is misleading.

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Impact on employer costs and profitability

Scott says there may be negative consequences of a living wage *"to other firms, employees and the economy in general" (p.2),* but instead of providing evidence he expounds an equity theory and provides a creative theoretical example of his view of the consequences of a person receiving a 30 percent pay rise (pp21,22).

In their recent literature review for the Auckland Council on the effects of living wage policies internationally, Maloney and Gilbertson (2013) drew on studies from North America, the UK and New Zealand. In their summary of results they stated that:

There is considerable evidence in the overseas literature that implementing a living wage directly increases the actual wages of targeted workers. (p.v)

Paying a living wage can increase productivity, reduce worker turnover and absenteeism, and improve the quality of future job applicants. (p.v)

Referring to living wage ordinances in the US, they note that:

"there is substantial evidence of indirect productivity benefits from living wage laws through reduced worker turnover. (p.7, see Reich et al., 2005; and Howes, 2005).

They said that there may be a reduction in employment levels and hours of work but that *"the empirical evidence on these effects is quite limited" (p.7).* In sum, they considered that *"the living wage has a relatively small cost impact on many firms" (p. vii)* and made the obvious point that the impact would be greater on businesses with a higher proportion of workers on low pay.

Thompson and Chapman (2006), in a detailed survey of 20 American cities, found that:

the actual budgetary effect of living wage laws had been consistently overestimated by city administrators; actual costs tended to be less than one-tenth of 1% of the overall budget. (p.2)

A number of reports from firms paying the living wage identify positive effects. Business giant KPMG, with a UK staff of over 5,000 and a turnover of £1.6 billion, have been paying a living wage since 2006. They state that the living wage *"simply makes good business sense"* and that *"the extra wage costs are more than met by lowered recruitment churn and absenteeism, greater loyalty, and higher morale leading to better performance. (KPMG 2013).*

Mayor Boris Johnson, whose London Council has been paying the living wage since 2005 stated:

Paying the London Living Wage is the right thing to do – it can make all the difference for low income families. But it also makes sound business sense. There is increasing evidence that organisations that pay the Living Wage experience lower staff turnover and higher staff morale, health and productivity as well as being seen as good places to work and acquiring reputational benefits. (Johnson 2012b p.5)

These reports don't support Scott's view concerning the negative consequences for business and the economy.

Conclusion

Scott wrote a detailed paper that relentlessly criticised the calculation developed for the New Zealand living wage. Unfortunately the conceptual basis of the living wage that he worked from was clearly at variance with the definitions used in countries adopting it and in the literature. His insistence on seeing the wage as being about basic necessities is not only wrong, but led him to confuse the targeting required for many welfare transfers with a market wage. Wages are paid to employees regardless of their family circumstances.

His claim that items were double counted is not supported by the evidence and his use jurisdictional comparisons were selective. Research to back his claim that productivity and staff morale may be negatively impacted was not presented. However the evidence cited in this response showed positive business and economic outcomes.

The New Zealand living wage set at $18.40 sits at 76.78 percent of median after tax household income and 63.78 percent of average after tax household income. This is where one would expect a living wage to sit, close to half way between the poverty line (60 percent of median after tax household income) and the median. The assessment by the Ministry of Business, Innovation and Employment using their Strategic Research and Evaluation, Labour Group, noted that the calculations had been carefully constructed and that the methodology was comprehensive.

When comparing with the calculations of other jurisdictions, the New Zealand living relies less on percentage estimates and more on databases that are available for each of its budgeted items.

Acknowledgements

The author wishes to thank Peter King and Bill Rosenberg for reviewing an early draft of this paper and offering constructive comments. They are not responsible for the text in this paper, which is that of the author.

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