

Living Wage

Aotearoa New Zealand



2018 LIVING WAGE RATE: \$20.55

The 2018 Living Wage is \$20.55 per hour, up from \$20.20 in 2017. The new Living Wage is an increase of 35 cents and will come into effect on September 1st. This translated into a gross income of \$42,744.00 over a 40-hour week.

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.*

	2017	2018	% INCREASE	\$ INCREASE
LIVING WAGE	\$20.20	\$20.55	1.7%	35CENTS
MINIMUM WAGE	\$15.75	\$16.50	4.7%	75CENTS

The Family Centre Social Policy Research Unit has completed the first full review of the rate since the original Living Wage was announced in 2012, when it was \$18.40 per hour. Between five-yearly reviews, the annual updates are based on average wage movements because the rate sits within the labour market.

Moving from a strong focus on expenditure, new sources of data this year mean the calculation reflects more of the needs of workers to survive and participate in society, including food and rent costs, energy, health, communication and education. Other estimates are necessarily based on Household Economic Survey data (Statistics NZ) and inflation adjusted for 2017. The Government's families package boosts the Family Tax Credit and raises the abatement threshold, which along with accommodation supplements, reduces upward pressure on the level of the Living Wage.

The Living Wage is 73 percent of median disposable household income in New Zealand and 61 percent of the mean disposable income for households with two adults and two children respectively. The Living Wage calculation is based on an internationally comparable model of a two adult, two child household where there are 60 hours of employment.

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. If two incomes, one being fulltime, can't afford that, then it is less than a living wage. Further, the two adult and 2 child household is a common NZ family size and also close to the minimum average sized family required to ensure natural population replacement.

\$20.55 - DO THE RIGHT THING

Maopa Ve'a is a cleaner at Manukau District Court on the Minimum Wage of \$16.50, with a twin boy and girl, aged 5 years old. Maopa believes her employer, the Government, could do more:

"We deserve to be paid the Living Wage rate. Another 3 or 5 more years or never... Just be fair and do the right thing."

Pictured right: Maopa Ve'a

