

Living Wage

Aotearoa New Zealand



The Living Wage rate

‘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.

The Living Wage concept is a simple yet powerful alternative to the “market” rate. It reflects the basic expenses of workers and their families, such as food, transportation, housing and childcare. It is calculated independently each year by the New Zealand Family Centre Social Policy Unit.

It is calculated independently of the Living Wage Movement Aotearoa NZ by the New Zealand Family Centre Social Policy Research Unit. The rate is updated annually in line with the increase in average annual earnings in the previous June quarter and it is reviewed every five years, the next review being in 2023.

A SINGLE RATE FOR AOTEAROA NEW ZEALAND

While aspirational in its vision, the Movement takes a pragmatic approach by funding the calculation of a “basic yet decent” hourly rate (see www.livingwage.org.nz for details) applicable across the country. In a small country without obvious borders this makes sense and is pragmatic for employers, who have the certainty of the same rate wherever they operate in Aotearoa.

A HOUSEHOLD OF TWO ADULTS AND TWO CHILDREN

New Zealand, like Canada and the US, has chosen a two adult and two child family as their base unit for calculating a living wage. A living wage is an individual wage in the market. The rate is set at a level to support a household of two adults and two children on 1.5 incomes and is therefore more generous to a household of two adults without children and more stringent for a family with three 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.

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.



THE LIVING WAGE AND FAMILY TAX CREDITS

The Movement believes it is the responsibility of employers to pay wages at a level that allows people in full-time work to support themselves and their families. This is a matter of human dignity. It is only in recent years that it has become acceptable in countries such as England and New Zealand for employers to pay very low wages, in the expectation that these will be topped up to a somewhat liveable level by governments. This means that taxpayers are subsidising wages to the tune of billions of dollars for profitable enterprises.

While the Movement believes it is a fundamental obligation of employers to pay wages on which people can live, we accept the reality of the free-market model presents many with a challenge in doing so. That is why the accreditation system for Living Wage Employers is a voluntary programme. The Movement is not aware of anyone who would prefer to be paid a low wage and then deal with a government agency to receive a top-up of that wage, rather than simply being paid enough to live on by the employer.

The Living Wage is one essential part of a strategy to reduce poverty and inequality. As the gap between the rich and the poor grows in New Zealand and poverty increases, more and more New Zealanders don't get enough money to meet their needs, enjoy their lives and participate in society. The Living Wage Movement brings together community, union and faith-based groups around the common goal of achieving a Living Wage that will enable workers to live with dignity and participate as active citizens in society.

