



THE FAMILY CENTRE

SOCIAL POLICY RESEARCH UNIT

Living Wage Aotearoa New Zealand 2022 Update

The New Zealand Living Wage (NZLW) hourly rate for 2022/23 is \$23.65. It will come into effect 1 September 2022. This is an increase of 90 cents on the 2021/22 rate which is in line with the movement in average ordinary time hourly earnings.

The original NZLW (announced 2013) was constructed on the basis of expenditure items for a modest weekly budget¹. However, once the living wage rate became a wage mechanism within the labour market, it was decided that annual updates between five yearly reviews should reflect wage movements. A full review was carried out in 2018² and a further one will be carried out next year.

The NZLW is defined by Living Wage Aotearoa New Zealand 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*³.

Wage movement is reported by Statistics New Zealand in the Quarterly Employment Survey (QES). The annual update is based on the percentage wage movement for the year to June the previous year, because when the first living wage was calculated the year to June was the most up-to-date figure.

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 2021 increased 4.0 percent from the year to June 2020⁴.

*The rate of \$23.65 is the recalculated New Zealand Living Wage for 2022/23. The movement in the average ordinary time hourly rate, as provided by the QES, was 4.0 percent leading to an estimate of \$23.66 which was rounded down to \$23.65*⁵.

This figure sits modestly at 68 percent of the average hourly earnings in New Zealand (\$34.76) for the same quarter⁶. The QES does not provide median hourly earnings. The Household Labour Force Survey (HLFS) for the same quarter, showed the NZ Living Wage to be 85 percent of median hourly earnings from wages and salaries (\$27.76)⁷.

The announcement 1 April this year gives employers lead time to implement the living wage by 1 September this year.

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¹ King, P. and Waldegrave, C. (2012) *Report of an investigation into defining a living wage for New Zealand*. Family Centre Social Policy Research Unit, Commissioned for The Living Wage Campaign, December, Living Wage Aotearoa New Zealand https://d3n8a8pro7vbm.cloudfront.net/nzlivingwage/pages/129/attachments/original/1434872250/Living_Wage_Investigation_Report.pdf?1434872250

² Waldegrave, C., King, P. and Urbanová, M. (2018) *Report of the Measurement Review for a New Zealand Living Wage*, Living Wage Movement Aotearoa https://d3n8a8pro7vbm.cloudfront.net/nzlivingwage/pages/2735/attachments/original/1522815168/Living_Wage_2018_Measurement_Review_Report_Final_2_4_18_%28ID_8512%29.pdf?1522815168

³ Living Wage Aotearoa New Zealand <http://www.livingwage.org.nz/about>

⁴ Labour Market Statistics: (Income) June 2021 Quarter, Wellington: Statistics New Zealand

⁵ Each year it is rounded up or down to the nearest 5 cents.

⁶ Labour Market Statistics: (Income): June 2021 Quarter, Wellington: Statistics New Zealand

⁷ Labour Market Statistics (Income): June 2021 Quarter, Wellington: Statistics New Zealand