



# THE FAMILY CENTRE

## SOCIAL POLICY RESEARCH UNIT

### Living Wage Aotearoa New Zealand 2024 Update

The New Zealand Living Wage (NZLW) hourly rate for 2024/25 is \$27.80. It will come into effect 1 September 2024. This is an increase of \$1.80 on the 2023/24 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 budget<sup>1</sup>. 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 2018<sup>2</sup> and the most recent one in 2023<sup>3</sup>.

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*<sup>4</sup>.

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 December the previous year, as the most up-to-date figure (December quarter) to be announced in early April each year.

The QES measures the average hourly wage bill across all jobs in New Zealand. The average ordinary time hourly earnings for the year to December 2023 increased 6.9 percent from the year to December 2022<sup>5</sup>.

*The rate of \$27.80 is the recalculated New Zealand Living Wage for 2024/25. The movement in the average ordinary time hourly rate, as provided by the QES, was 6.9 percent leading to an estimate of \$27.79 which was rounded up to \$27.80*<sup>6</sup>.

This figure sits modestly at 68 percent of the average hourly earnings in New Zealand (\$40.84) for the same quarter<sup>7</sup>. The announcement during the first week of April this year gives employers lead time to implement the living wage by 1 September this year.

*Prepared for Living Wage Aotearoa New Zealand by Charles Waldegrave, FCSPRU. Contact: Charles Waldegrave 021 671673, [waldegrave.c@fc.org.nz](mailto:waldegrave.c@fc.org.nz)*

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<sup>1</sup> 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://d3n8a8pro7vhmx.cloudfront.net/nzlivingwage/pages/129/attachments/original/1434872250/Living\\_Wage\\_Investigation\\_Report.pdf?1434872250](https://d3n8a8pro7vhmx.cloudfront.net/nzlivingwage/pages/129/attachments/original/1434872250/Living_Wage_Investigation_Report.pdf?1434872250)

<sup>2</sup> Waldegrave, C., King, P. and Urbanová, M. (2018) *Report of the Measurement Review for a New Zealand Living Wage*, Living Wage Movement Aotearoa [https://assets.nationbuilder.com/nzlivingwage/pages/2735/attachments/original/1683235360/Living\\_Wage\\_2018\\_Measurement\\_Review\\_Report\\_Final\\_2\\_4\\_18\\_%28ID\\_8512%29.pdf?1683235360](https://assets.nationbuilder.com/nzlivingwage/pages/2735/attachments/original/1683235360/Living_Wage_2018_Measurement_Review_Report_Final_2_4_18_%28ID_8512%29.pdf?1683235360)

<sup>3</sup> Waldegrave, C., Rogers, E. and Nguyen, G. (2023) *Report of the Measurement Review for a New Zealand Living Wage*, Living Wage Movement Aotearoa [https://assets.nationbuilder.com/nzlivingwage/pages/2735/attachments/original/1683235497/Living\\_Wage\\_2023\\_Measurement\\_Review\\_Full\\_Report\\_30\\_4\\_23\\_%281%29.pdf?1683235497](https://assets.nationbuilder.com/nzlivingwage/pages/2735/attachments/original/1683235497/Living_Wage_2023_Measurement_Review_Full_Report_30_4_23_%281%29.pdf?1683235497)

<sup>4</sup> Living Wage Aotearoa New Zealand <http://www.livingwage.org.nz/about>

<sup>5</sup> Labour Market Statistics: December 2023 Quarter, Wellington: Statistics New Zealand

<sup>6</sup> Each year it is rounded up or down to the nearest 5 cents.

<sup>7</sup> Labour Market Statistics: December 2023 Quarter, Wellington: Statistics New Zealand