



Coversheet

Minister	Hon Michael Wood	Portfolio	Workplace Relations and Safety
Title of Cabinet paper	Minimum Wage Review 2020	Date to be published	17 December 2020

List of documents that have been proactively released

Date	Title	Author
December 2020	Minimum Wage Review 2020	Office of the Minister for Workplace Relations and Safety
9 December 2020	CBC-20-MIN-0115 Minute	Cabinet Business Committee
December 2020	Minimum Wage Review 2020, December 2020	MBIE

Information redacted

YES

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Some information has been withheld for the reason of Confidential advice to Government

In Confidence

Minister for Workplace Relations and Safety

Cabinet Business Committee

Minimum Wage Review 2020

Proposal

- 1 This paper seeks Cabinet agreement to:
 - 1.1 increase the adult minimum wage from \$18.90 to \$20.00 per hour
 - 1.2 increase the starting-out and training minimum wages from \$15.12 to \$16.00 per hour (the *Minimum Wage Act 1983* requires that these rates are set at no less than 80 per cent of the adult minimum wage), and
 - 1.3 the new minimum wage rates coming into effect on 1 April 2021.

Relation to government priorities

- 2 This proposal relates to the newly elected Government's priority to accelerate New Zealand's recovery from the effects of COVID-19, which includes its commitment to increase the adult minimum wage to \$20.00 per hour in 2021. This commitment aligns with the 2017 Coalition Agreement to 'progressively increase the Minimum Wage to \$20.00 per hour by 2020, with the final increase to take effect in April 2021.'

Executive Summary

- 3 The adult minimum wage is currently \$18.90 per hour, and the starting-out and training minimum wages are currently \$15.12 per hour. The Ministry for Business, Innovation and Employment (MBIE) estimates that the adult minimum wage is being paid to 57,700 workers in 2020.¹
- 4 This year's minimum wage review occurs in an uncertain economic environment, shaped by the global COVID-19 pandemic and the subsequent Government responses. The labour market has been disrupted by the COVID-19 lockdowns, however the impact to date has been less than the impact on the economy as a whole, and much less than initially expected. Many employers have reduced employees' hours of work, wages and jobs and Government-funded wage subsidies have kept many in work, with around 1.6 million people supported in employment at its peak in June 2020.

¹ This figure is uncertain as the income data for June 2020 quarter is atypical from previous years with an unusually low count of salary and wage earners. This year's data excluded an estimated, additional 96,000 employees, who reported zero hours worked in the Household Labour Force Survey due to receiving a wage subsidy during June 2020 quarter. A proportion of these additional workers would be paid the minimum wage, which suggests that the number of workers being paid the minimum wage is likely to be higher than the figure estimated in this paper.

- 5 I seek Cabinet's agreement to increase the adult minimum wage to \$20.00 per hour and the starting-out and training minimum wages to \$16.00 per hour from 1 April 2021 noting:
- 5.1 \$20.00 is the published indicative rate for 2021, which was agreed by Cabinet in December 2018 (DEV-18MIN-0309 refers) and reiterated in the Labour Party's 2020 election manifesto
 - 5.2 Approximately 175,500 workers (currently earning from \$18.90 to \$20.00 per hour) would receive additional gross earnings of up to \$44.00 per week
 - 5.3 Many low-income households have been affected by COVID-19, and an increase to \$20.00 will provide a much-needed boost to our lowest earners' incomes
 - 5.4 No increase would erode the real incomes of our lowest paid workers compared to wage growth and inflation
 - 5.5 MBIE has estimated there would be a moderate restraint of 9,000² individuals in employment compared to if the minimum wage had not increased. This compares to a forecast reduction of 84,300 jobs in the economy in the year to June 2021 and forecast net employment growth of 30,500 jobs in the year to June 2022
 - 5.6 There has been wide publication of the Government's commitment to increase the minimum wage to \$20.00 by 2021, giving employers time to prepare for and factor in the increased labour costs
 - 5.7 There would be an estimated annual economy-wide increase in wages of \$216 million, additional annual costs to the Government of \$49.9 million and a 0.10 per cent inflationary impact on the economy
 - 5.8 The Act requires that the starting-out and training rates are set at no less than 80 per cent of the adult minimum wage, and
 - 5.9 MBIE's Minimum Wage Review 2020 (the Review) report recommends increasing the adult minimum wage rate to \$19.15 and the starting-out and training wages to \$15.32 on 1 October 2021.
- 6 Once Cabinet has made its decisions, I intend to announce the new minimum wage rates and implementation date to the public before Christmas.

Background

- 7 The adult minimum wage is currently \$18.90, and the starting-out and training minimum wage rates are currently \$15.12. As Minister for Workplace

² Restraint on employment is the net employment growth which may have taken place if not for the minimum wage increase and includes unemployment, potential labour supply and underutilisation. Restraint estimates are based on the wage growth forecasts contained in the Treasury's Pre-Election Economic and Fiscal Update 2020. Restraint on employment estimates found in the Minimum Wage Review 2019 were based on Treasury's Budget Economic and Fiscal Update 2019 forecasts. For comparative purposes, restraint on employment estimates for \$18.90 based on Treasury's 2019 forecasts were 6,500 for 16-64 year olds.

Relations and Safety, I have a statutory obligation under section 5 of the *Minimum Wage Act 1983* (the Act) to review the minimum wage rates by 31 December each year.

- 8 In line with recent reviews, this year's review considered the following factors in the analysis of options for the minimum wage:
 - 8.1 inflation, using the Consumer Price Index as the indicator
 - 8.2 wage growth, using median wage as the indicator
 - 8.3 restraint on employment, and
 - 8.4 fiscal impacts on government.
- 9 For the 2020 review, the previous Minister for Workplace Relations and Safety directed that the following additional factors be considered in the review:
 - 9.1 the impact that COVID-19 has had (and is predicted to have) on labour markets
 - 9.2 the Government's goals to reset and rebuild the economy, including the Government's goal to increase the minimum wage to \$20.00 by 2021
 - 9.3 Government support for businesses and workers in light of COVID-19, including the Wage Subsidy Scheme and business loan schemes
 - 9.4 the relativity of the minimum wage to welfare benefits and the average median wages
 - 9.5 information on sectors that have been most significantly affected by COVID-19, for example, tourism, accommodation, retail, education and manufacturing
 - 9.6 the effect of a minimum wage increase on different labour markets and for workers and households, particularly in sectors that have been severely affected by the pandemic
 - 9.7 the actual incomes of minimum wage workers and households after tax and social transfers, and
 - 9.8 the effects of a minimum wage increase on poverty, including child poverty.

- 10 The following table shows annual changes to the minimum wage, compared with the annual increase in the median wage.

Date of new minimum wage (1 April)	Adult minimum wage	% change	Median wage (June each year)	% change	Minimum wage as % of the median wage
2009	\$12.50	4.2%	\$19.51	5.1%	64%
2010	\$12.75	2.0%	\$19.95	2.3%	64%
2011	\$13.00	2.0%	\$20.02	0.4%	65%
2012	\$13.50	3.8%	\$20.78	3.8%	65%
2013	\$13.75	1.9%	\$21.48	3.4%	64%
2014	\$14.25	3.6%	\$21.92	2.0%	65%
2015	\$14.75	3.5%	\$22.68	3.5%	65%
2016	\$15.25	3.4%	\$23.22	2.4%	66%
2017	\$15.75	3.3%	\$24.00	3.4%	66%
2018	\$16.50	4.8%	\$25.00	2.9%	66%
2019	\$17.70	7.3%	\$25.50	2.0%	69%
2020	\$18.90	6.8%	\$27.00	5.9%	70%
2021	\$20.00	5.8%	Figures not available until June 2021		

The effects of increasing the minimum wage

- 11 In general, minimum wage increases can have the following effects:
- 11.1 *Increased earnings for minimum wage workers*, although net household income is also affected by other government interventions, such as taxation and abatements for those receiving income support, accommodation assistance and tax credits
 - 11.2 *Increased labour costs for employers*, especially for sectors that employ a large number of minimum wage workers such as hospitality and retail, as well as flow-on costs from increasing the wages of other workers earning close to the minimum wage to maintain their wage relativity to the minimum wage
 - 11.3 *Inflation pressure*, if employers pass on all or part of their increased labour costs through increased prices. New Zealand's annual inflation rate is currently 1.4 per cent, which is well within the target range of 1 – 3 per cent so, under the current economic conditions, inflation is not likely to be majorly affected by changes to the minimum wage
 - 11.4 *Employment impacts*, including lower job growth and reduced hours. The extent of these effects will depend on the size of the wage

increase and the economic and labour market context in which it occurs. Employment effects are most likely to impact some demographic groups such as youth, Māori and women, and

- 11.5 *Changed fiscal costs for government*, through both direct wage costs (employees paid at or near the minimum wage) and indirect costs due to government expenditure on programmes that are affected by the minimum wage.

Minimum Wage Review 2020 report recommendations

- 12 MBIE's Review assessed a number of minimum wage options to analyse the impact of the different increases. The Review report recommends increasing the adult minimum wage rate to \$19.15 per hour and the starting-out and training wages to \$15.32 per hour on 1 October 2021. A summary of this assessment is in **Annex One** and the full report is attached as **Annex Two**.
- 13 MBIE's view is a more gradual increase in the minimum wage is appropriate and takes account of the current economic situation resulting from the COVID-19 pandemic. It also acknowledges that Treasury's Pre-election Economic and Fiscal Update (PREFU's) forecasts negative net employment growth in the first half of 2021 that turns positive into 2022 and that many employers are likely to face financial pressures as a result of the economic downturn.
- 14 MBIE's proposed increase in the adult minimum wage to \$19.15 per hour aligns with the actual and forecast increase in the Consumer Price Index (inflation) between 1 April 2020 (the last minimum wage increase) and 1 October 2021. MBIE estimates that this rate would result in a restraint on employment of approximately -1,000 individuals. MBIE considers that this increase achieves the objective of the minimum wage review, which is to protect the real incomes of low-paid employees while minimising job losses.
- 15 I have considered MBIE's analysis of the options in its Review report.

Increasing the minimum wage to \$20.00 on 1 April 2021

- 16 I propose increasing the adult minimum wage to \$20.00 per hour and the starting-out and training minimum wages to \$16.00 per hour each on 1 April 2021.
- 17 An increase to \$20.00 will provide a much-needed income boost to our lowest paid workers that will assist many low-income households, especially those that have been affected by the effects of COVID-19. No increase would erode the real incomes of our lowest paid workers compared to wage growth and inflation. Around 175,500 workers (currently earning from \$18.90 to \$20.00 per hour) would receive an increase to the new minimum wage.
- 18 Treasury's Half Year Economic and Fiscal Update (HYEFU) will be released on 16 December 2020. The Minister of Finance has signalled that the economy is performing stronger than expected post-lockdown.

- 19 \$20.00 was a commitment in the new Government's election manifesto and it is the published indicative rate for 2021, which was agreed by Cabinet in December 2018 (DEV-18MIN-0309 refers). There has been wide publication of this commitment, giving employers time to prepare for and factor in the increased labour costs.
- 20 MBIE has estimated that this increase would have a moderate restraint of 9,000 fewer individuals in employment than there would have been if the minimum wage had not increased. This compares to a forecast decline in employment of 84,300 jobs in the year to June 2021 and forecast net employment growth of 30,500 jobs in the year to June 2022.
- 21 MBIE estimates there would be an annual economy-wide increase in wages of \$216 million, additional annual costs to Government of \$49.9 million and a 0.10 per cent inflationary impact.
- 22 I propose that the starting-out and training rates are set at 80 per cent of the adult minimum wage in accordance with the Act. A differential between the adult minimum wage and the starting-out and training rates supports the transition of youth into employment and helps further the policy objective of incentivising employers to take on and support trainees.

I propose that the increase comes into effect on 1 April 2021

- 23 Since 1997, every minimum wage increase has come into effect in either March or April of the year following the decision, mostly on 1 April. There is no legislative requirement that the minimum wage increase comes into effect on 1 April, however, this date is chosen because it aligns with annual adjustments to the thresholds for the Accommodation Supplement, the Minimum Family Tax Credit and the end of the financial and tax years for most employers.
- 24 MBIE's Review recommends that any minimum wage increase in 2021 should occur on 1 October 2021. The Review notes that implementation later in 2021 is likely to coincide with the time when net employment growth is forecast to begin to recover, meaning the negative employment effects of a minimum wage increase are more likely to be offset by job creation in the economy
- 25 However, an increase to \$20.00 on 1 October 2021 would result in employees receiving less take-home pay than they would have had the increase occurred on 1 April 2021. For example:
 - 25.1 A full time employee, receiving no tax credits or other income support would receive **\$927.94** less if the increase occurred on 1 October 2021 rather than 1 April 2021
 - 25.2 An Auckland-based sole parent with two dependent children, receiving Working for Families and the Accommodation Supplement would receive **\$641.68** less if the increase occurred on 1 October 2021 rather than 1 April 2021, and

- 25.3 An Auckland-based couple, both earning minimum wage, working a combined 60 hours per week with two dependent children, receiving Working for Families and the Accommodation Supplement, would receive **\$534.04** less if the increase occurred on 1 October 2021 rather than 1 April 2021.
- 26 Implementing an increase on 1 October 2021 would also mean:
- 26.1 The implementation date of the minimum wage would not align with annual adjustments to the thresholds for the Accommodation Supplement, the Minimum Family Tax Credit, and the end of the 2021 financial and tax year for most employers.
- 26.2 There could be some additional administrative and payroll costs for employers, who will have been preparing for an increase in April 2021. For most employers though, especially those with digitalised payroll systems, these costs are likely to be less than the additional costs of a minimum wage increase occurring in April 2021.
- 26.3 Minimum rates of compensation for Accident Compensation Corporation (ACC) claimants will not be increased until 1 July 2022. The minimum ACC compensation rate is set based on the minimum weekly adult rate as at 1 July each year, as required by the Accident Compensation Act 2001, meaning low earners and those receiving compensation for loss of potential earnings (e.g. those injured before the age of 18) will not receive an increase in their compensation until 1 July 2022. This is estimated to impact approximately 1,000 potential earners and 11,000 low earners. Claimants not in receipt of minimum earnings compensation (and who have been receiving weekly compensation for more than 26 weeks) will continue to receive an increase based on movements in the Labour Cost Index on 1 July each year.
- 26.4 The Household Labour Force Survey will not capture the effects of the 2021 minimum wage change on the labour market, which could affect MBIE's data collection and assessment of its implications in the 2021 minimum wage review. The data required to derive the impact of minimum wage change options is collected by Statistics NZ in the June quarter of each year, as part of the quarterly Labour Market Statistics. Minimum wage increases on 1 April of each year enable MBIE to capture the impacts during the June quarter of that year and analyse them in the annual review.

Financial Implications

- 27 The Accident Compensation Corporation, New Zealand Defence Force, Oranga Tamariki, Ministry of Education, Ministry of Health and the Ministry of Social Development indicated that a minimum wage increase to \$20.00 is likely to have a financial impact on them. For these agencies, total annual costs to the Government directly related to the proposed minimum wage increase to \$20.00 per hour are estimated to be \$49.9 million.

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Confidential advice to Government

- 29 There may be additional fiscal impacts in addition to wage costs. Social assistance costs through benefit payments may rise if an increase in the minimum wage results in a higher level of unemployment. Some other government programmes are adjusted based on labour market wage statistics (for example, parental leave payment rates are adjusted annually based on changes in average ordinary time hourly earnings). The large change to the minimum wage proposed for 2021 may have an impact on these programmes.
- 30 Increases in the minimum wage will have an indirect impact on New Zealand Superannuation and main benefit rates as these are now indexed to the net average wage (since 1 April 2020). Confidential advice to Government
- 31 It is likely that the fiscal costs to government may be offset by an increase in the goods and services tax received (as a result of people having more disposable income to spend) and a reduction in the amount of social transfers (due to abatements on government support). These impacts are difficult to accurately quantify.

Accident Compensation Corporation's outstanding claims liability

- 32 ACC's outstanding claims liability (OCL) is an actuarial estimate of the funds required now to meet the future cost of all existing ACC claims up to a hundred years. For the indicative rate of \$20.00, ACC estimates an OCL impact of \$80 million.
- 33 This does not impose an immediate cost on the Crown, but does have an impact on the notional solvency of the ACC scheme (the measure of ACC's assets to liabilities). It is important to note that the estimated OCL impact of \$80 million for the new minimum wage rate of \$20.00 has been excluded from the estimated \$49.9 million fiscal costs to the Government, as including it would produce a distorting effect.

Legislative Implications

- 34 Minimum wages are set through an Order in Council made under section 4, 4A and 4B of the Act. To give effect to a change in the minimum wage, a new Order in Council needs to be made by the Governor-General, on the recommendation of the Minister for Workplace Relations and Safety. The new Order to increase the minimum wage to \$20.00 per hour will come into force on 1 April 2021.
- 35 I intend to bring a paper to the Cabinet Legislation Committee in early 2021 to give effect to the minimum wage increase agreed by Cabinet.

Impact Analysis

Regulatory Impact Statement

- 36 The Regulatory Quality Team at the Treasury has determined that a separate Regulatory Impact Statement (RIS) is not required for the regulatory proposals in this paper because it would substantively duplicate the Minimum Wage Review 2020 report. The RIA panel at MBIE has reviewed the report and confirmed that it substitutes for a RIS and meets Cabinet's impact analysis requirements.
- 37 MBIE's internal Regulatory Impact Assurance Panel reviewed the Minimum Wage Review 2020 report and considers that the information and analysis summarised in the report meets the Quality Assurance criteria.

Climate Implications of Policy Assessment

- 38 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as there is no direct impact on emissions.

Population Implications

- 39 The following table outlines the population implications of these proposals.

Population group	How the proposal may affect this group
Māori	Māori are overrepresented among those in low paid jobs and more likely to be adversely affected compared to other ethnic groups by a higher minimum wage. A 2011 study found that Māori who were earning the minimum wage experienced significant falls in their employment and total weekly hours when the minimum wage increased significantly. ³ MBIE modelling finds that Māori represent approximately 13 per cent of total wage earners and 15 per cent of total minimum wage earners, which is 1 per cent lower than in the 2019 review and 2 per cent lower than in 2018.
Pacific peoples	Pacific peoples account for around 6 per cent of total wage earners and 9 per cent of total minimum wage earners, which is 3 per cent higher than in the 2019 review. However, under some options to increase the minimum wage being considered, they may become overrepresented in relation to the percentage of total minimum wage earners.
Women	Women tend to be overrepresented in a number of demographic characteristics associated with the minimum wage, including working part-time and working in the hospitality and retail sectors. MBIE estimates that 56 per cent

³ Pacheco, G. (2011). Estimating Employment Impacts with Binding Minimum Wage Constraints. *The Economic Record*, 87(279), 587-602.

	of minimum wage earners aged 16-64 are women, compared to 50 per cent of all wage earners. The percentage of minimum wage earners who are women has decreased since last year's review by seven per cent for workers between the ages of 16 and 64, and by nine per cent for workers between the ages of 25 and 64. Wāhine Māori and Pacific women are also more likely to be in low-paid jobs, so an increase to minimum wage could be particularly beneficial to these groups.
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Human Rights

- 40 I recommend that the starting-out and training minimum wages continue to be set at 80 per cent of the adult minimum wage. As these minimum wages make a distinction on the basis of age, namely those aged 16 to 19 years, or on the basis of their employment status, they continue to raise an issue of discrimination under section 19(1) of the New Zealand Bill of Rights Act 1990 (NZBORA).
- 41 However, this discrimination appears to be justified in light of section 5 of the NZBORA. There can be negative long-term economic and social effects associated with young people being out of work, especially if they remain unemployed for a significant period of time. Providing the ability to pay young, unskilled, and in-training workers a lower wage than the adult minimum wage is one way to get young people into work and work-based training.

Consultation

- 42 Consultation was undertaken with BusinessNZ and the New Zealand Council of Trade Unions, as has been the case in recent reviews of the minimum wage. This year, MBIE also consulted with a range of employer representatives, unions and worker representatives, and non-governmental organisations. Consultation focussed on gathering information to better understand the potential implications of increasing the minimum wage in the current COVID-19 affected economic environment. Feedback from social partners and other stakeholders is summarised in the Review report.
- 43 The following agencies have been consulted on this paper: The Treasury, Public Service Commission, Accident Compensation Corporation (ACC), Ministry of Health, Ministry of Social Development, Department of Prime Minister and Cabinet (Child Poverty Unit and Policy Advisory Group), Ministry of Education, Oranga Tamariki, Ministry for Pacific Peoples, Te Puni Kōkiri, Ministry for Women, Inland Revenue, and the Reserve Bank of New Zealand.

Communications

- 44 I intend to make a media statement about the new minimum wage rates for 2021 following Cabinet's decisions.

Proactive Release

- 45 I intend to proactively release this Cabinet paper and will invite MBIE to release the Minimum Wage Review 2020 report on its website, subject to any appropriate withholding of information that would be justified under the Official Information Act 1982.

Recommendations

- 46 The Minister for Workplace Relations and Safety recommends that the Cabinet Business Committee:
1. **note** the Government's 2020 pre-election commitment to increase the adult minimum wage to \$20.00 per hour in 2021
 2. **agree** to increase the adult minimum wage from \$18.90 per hour to \$20.00 per hour
 3. **agree** to maintain the starting-out and training minimum wages at 80 per cent of the adult minimum wage, which will mean that these each increase to \$16.00 per hour
 4. **agree** that the minimum wage increases, noted in recommendations 2 and 3 above, come into effect on 1 April 2021
 5. **invite** the Minister for Workplace Relations and Safety to issue drafting instructions to the Parliamentary Counsel Office to give effect to these recommendations through an Order in Council
 6. **note** that these changes to the minimum wages will be announced before the end of 2020.

Authorised for lodgement

Hon Michael Wood

Minister for Workplace Relations and Safety

Annex One: Summary of the impacts of the minimum wage options⁴

Minimum wage rate impact measures	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Adult minimum wage (hourly rate)	\$18.90	\$19.15	\$19.50	\$20.00	\$21.00	\$22.10
Adult minimum wage (gross weekly income – 40 hour week) ⁵	\$756	\$766	\$780	\$800	\$840	\$884
Percentage increase	N/A	1.32%	3.17%	5.82%	11.11%	16.93%
Relativity to median wage ⁶	70.0%	70.9%	72.2%	74.1%	77.8%	81.9%
Relativity to average wage ⁷	55.9%	56.6%	57.7%	59.2%	62.1%	65.4%
Relativity to Job Seeker support ⁸	269.0%	272.50%	277.5%	284.6%	298.8%	314.5%
Number of people directly impacted (rounded up to nearest 100)	N/A	106,000	135,000	175,500	281,000	424,000
Estimated restraint on employment ⁹	No change	-1,000 or less	-4,000	-9,000	-19,000	-29,500
Estimated economy-wide increase in wages (\$ million, annual)	No change	29	94	216	607	1,232
Estimated inflationary impact/GDP (percentage points)	No change	No change	N/C	0.10%	0.20%	0.40%
Estimated additional annual costs to the Government (\$ million, annual) ¹⁰	N/A	9.3	28.6	49.9	110.1	206.3
Full time employee receiving no tax credits or other income support - net weekly income and increase	\$632.04 (\$0.00) 0%	\$640.15 (\$8.11) 1.28%	\$651.51 (\$19.47) 3.08%	\$667.73 (\$35.69) 5.65%	\$700.17 (\$68.13) 10.78%	\$735.87 (\$103.83) 16.43%
Auckland based sole parent, earning minimum wage, working 40 hours per week with two dependent children, receiving Working for Families and Accommodation Supplement - net weekly income and increase	\$1,181.33 (\$0.00) 0%	\$1,186.94 (\$5.61) 0.47%	\$1,194.79 (\$13.46) 1.14%	\$1,206.01 (\$24.68) 2.09%	\$1,223.75 (\$42.42) 3.59%	\$1,237.44 (\$56.11) 4.75%
Auckland based couple, both earning minimum wage, working a combined 60 hours per week with two dependent children, receiving Working for Families and Accommodation Supplement - net weekly income	\$1,353.05 (\$0.00) 0%	\$1,357.72 (\$4.67) 0.35%	\$1,364.26 (\$11.21) 0.83%	\$1,373.59 (\$20.54) 1.51%	\$1,392.26 (\$39.21) 2.90%	\$1,412.79 (\$59.74) 4.42%

Annex Two: Minimum Wage Review 2020 report

⁴ To ensure comparability between options, the modelling of all options is for the calendar year from 1 April 2021.

⁵ This is calculated on a 40 hour week basis.

⁶ The median hourly earnings are \$27.00 per hour or \$1,080.00 per week (Labour Market Statistics (Income), June 2020).

⁷ The average hourly earnings are \$33.81 per hour or \$1,352.40 per week (Labour Market Statistics, September 2020).

⁸ For a single adult, aged 25 or over, receiving \$281.08 (gross) per week.

⁹ The employment effects for '16-64 year olds' are represented. Figures rounded to the 500s.

¹⁰ This is a high level estimate based on the additional costs to the Ministries of Health, Social Development and Education, Oranga Tamariki, Accident Compensation Corporation and New Zealand Defence Force. It does not include potential transfer savings.