

Fairer wages for contracted public service workers

Labour is committed to improving wages and employment conditions for employees. We will continue to increase pay for low income workers by:

- **Progressively extending Living Wage guarantees to contracted public service workers**

All workers deserve to earn a decent wage for a day's work. Labour will further progress fair pay so that more people can have a decent standard of living, can provide for their families, participate in their communities and grow the economy.

Public service contracted workers to receive Living Wage

Labour will extend our Living Wage commitment by requiring public service contracted security guards, cleaners and caterers to be paid a Living Wage.

As contracts end across the public service, Labour will require agencies to include the payment of a Living Wage in the new contracts as part of their renegotiations. We will roll this out in the next parliamentary term.

Labour will also commit to progressively expanding this commitment to also cover contracted workers to the wider state service, including through DHBs, as the COVID recovery allows.

As an employer, the government itself has an important role to play of setting an example of what fair employment practices and good conditions look like.

That's why in June 2018 we introduced a wage floor equivalent to the Living Wage for all those directly employed in the core public service which boosted incomes for 2000 workers. This had a significant impact on women in the workplace, who made up 70 percent of those who benefitted from this increase.

On top of this, in our first term we already started expanding on this commitment by rolling out the Living Wage for all security guards at the Ministry of Social Development.

What is Living Wage?

The Living Wage is an hourly rate that a worker needs in order to pay for the necessities of life and participate as an active citizen in the community. The Living Wage Movement emerged as a response to increased hardship and inequality that was being experienced by many workers.

It is currently \$22.10 per hour and is calculated independently each year by the New Zealand Family Centre Social Policy Unit. It reflects the basic expenses of workers and their families such as food, transport, housing and childcare. Further advice will be sought on incorporating the Living Wage into ongoing government procurement.

This builds on Labour's progress to better support workers

In Government, Labour has made significant progress in ensuring more New Zealanders are sharing the country's economic success, and have stable jobs, decent work conditions and fair wages. This includes:

- Rolling back many of the previous changes to the Employment Relations Act to provide greater protections to workers, especially vulnerable workers
- Strengthening collective bargaining and unions' ability to negotiate decent pay and conditions
- Reinstating prescribed meal and rest breaks
- Limiting 90-day trials to businesses with fewer than 20 employees
- Passing the Equal Pay Amendment Bill to make it easier to address pay equity claims
- Increasing the Minimum Wage, lifting it to \$18.90 on 1 April 2020 from \$15.75 in 2017, increasing the pay of approximately 242,000 workers.

Investing in our people is part of Labour's economic plan

In a COVID-19 context, better wages and stable employment are more important than ever. Labour is focused on rolling out our plan to continue to support working New Zealanders by raising wages, protecting them while they are at work, growing jobs and investing in the economy.

Part of our five point economic plan is about investing in our people. By increasing wages for some of our lowest income workers, we can ensure all New Zealanders get to share in the benefits of our economic plan as we recover and rebuild together.

Better wages for low income workers and investing in our workforce

The public service has played, and continues to play, a critical role in the COVID-19 response and rebuild. Labour wants to ensure these workers are recognised and valued for what they do and that's why we are committed to continuing to roll out Living Wage commitments to contracted government workers.

We also want government as an employer to lead by example, and provide fair wages so more New Zealanders can have a decent standard of living.

Increasing wages for government contracted workers will improve incomes for potentially thousands of New Zealand families, providing them with financial security and reducing hardship.

The Living Wage has also shown to have wider positive impacts for the workforce and economy as a whole. Studies show the introduction of the Living Wage improves morale, productivity and reduces staff absences and employee turnover. It can also reduce reliance on other income support and increase consumer spending.

Costings

We expect this policy to be fully in place within the next three years and will cost \$18 million per year for cleaners, caterers and security guards once fully rolled out.