

Fairer wages for contracted public service workers

Progressively extending Living Wage to contracted public service workers

Q: What is the Living Wage?

A: The Living Wage is currently \$22.10. This 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.

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

Q: Does government currently pay the Living Wage?

A: In 2018 we introduced a wage floor equivalent to the Living Wage for all those directly employed in the core public service. We have also started progressively rolling this out further, for example to around 400 Ministry of Social Development contracted security guards.

Q: Why is it important for the government to pay a Living Wage?

A: Too many workers do valuable work in our communities but their pay is inadequate. The government must lead by example when employing our contracting staff. Lifting wages means that workers are able to better support their families, improving quality of life, health and reducing financial stress. The increase to Living Wage could mean almost an extra \$100 a week for a contracted worker who is currently on minimum wage.

This also benefits employers by leading to reduced employee turnover, increased productivity and improved worker morale.

Q: How many people will benefit from this Living Wage commitment?

A: Thousands of workers are likely to benefit from this policy. For example around 400 workers were guaranteed at least Living Wage when the policy was rolled out to contracted security guards at the Ministry of Social Development.

Q: When will public service contracted workers be paid Living Wage?

A: As current contracts end, public service agencies will be required to guarantee the payment of a Living Wage as at the time of tendering as part of their new contracts. We expect this policy to be fully in place within the next parliamentary term.

Q: How much will the policy cost?

A: \$18 million per year for core government contracted cleaners, caterers and security guards once fully rolled out.

Q: Who is covered by this policy?

A: This will be for public service contracted workers working as cleaners, caterers and security guards at core public agencies, which includes:

Crown Law Office, Department of Conservation, Department of Corrections, Department of Internal Affairs, Department of the Prime Minister and Cabinet, Education Review Office, Government Communications Security Bureau, Inland Revenue, Department of Land Information, New Zealand

Ministry for Culture and Heritage, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry for Women, Ministry for the Environment, Ministry of Business, Innovation, and Employment, New Zealand Police, Ministry of Defence, Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry of Housing and Urban Development, Ministry of Justice, Ministry of Maori Development, Ministry of Social Development, Ministry of Transport, New Zealand Customs Service, New Zealand Security Intelligence Service, Oranga Tamariki—Ministry for Children, Serious Fraud Office, Public Service Commission, Statistics New Zealand, Te Kāhui Whakamana Rua Tekau mā Iwa—Pike River Recovery Agency, The Treasury.

Q: Why is Labour focussing on increasing wages?

A: 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. Labour also wants to ensure public service workers are recognised and valued for what they do. Increasing wages for government contracted workers will improve incomes for potentially thousands of New Zealand families, providing them with financial security and reducing hardship.

Q. How will this improve New Zealand’s workforce?

A: The Living Wage has also shown to have wider positive impacts for the workforce and economy as 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.