

**The Living Wage:
Raising Expectations, Raising Wages**

**Paper to the
Public Health Association Conference 2017**



1. Introduction

Since its launch in 2012, the Living Wage Movement Aotearoa has made a significant impact in New Zealand. There is strong support for the Living Wage as a measure to address poverty and inequality, employers are using the Living Wage to mark themselves out, it is recognised as a wage benchmark in employment and the political support for the Living Wage has grown.

As of September 2017, there are 81 accredited Living Wage Employers. Five New Zealand City Councils are in various stages of formally adopting the Living Wage with Wellington City Council on track to become NZ's first accredited Living Wage Council. Some large employers have made steps towards becoming a Living Wage Employer, many workplaces have been influenced by the Living Wage and thousands of workers have been affected by the Living Wage in wage negotiations – either directly or indirectly.

This paper provides a stocktake of employers who are Living Wage Employers, looks at the City Councils who are working towards adopting the Living Wage and some other employers influenced by the Living Wage.

It follows from presentations made at the 2014 & 2015 PHA Conferences looking at the impact on workers and employers from adopting and paying a Living Wage. The paper presents some findings from qualitative research commissioned by the Living Wage Movement Aotearoa examining the significance of paying a Living Wage and the motivation for being an accredited Living Wage Employer.

2. What is a Living Wage

The Living Wage is defined by the Living Wage Movement Aotearoa as:

“the income that is necessary for workers and their families to have the basic necessities of life, to live with dignity and to participate in the community” .

In practical terms, that means being able to pay all basic household bills, provide healthy food and, for example, pay for children's school trips – without financial stress. The rate is calculated by the Family Centre Social Policy Research Unit each year with a full review every five years. Other years it is set according to the average hourly wage movement in the previous June year, as reported by Statistics NZ in the Quarterly Employment Survey. The current Living Wage hourly rate is \$20.20 per hour compared with the Minimum Wage of \$15.75 per hour – a difference of \$4.45.

The Goal and Methodology of the Living Wage Movement

The goal of the Living Wage movement is to build strong relationships across diverse communities expose the impacts of low wages, poverty and inequality and bring pressure in local communities to make change. Three streams/ groups work together from a civil society base to pressure collectively for change: faith-based religious groups, community organisations and unions.

The Living Wage movement provides a structured methodology for lifting low-paid workers' wages through a number of mechanisms: community events, submissions, storytelling, negotiations, public commitments and accreditation processes.

The role and involvement of unions is an essential prerequisite for the implementation of the Living Wage. But Living Wage negotiating and campaigning is different from traditional forms of trade union organising. It is more akin to the community organising methods in the United States in the 1930s – deeply rooted in community-based organising and dependent on large-scale community support.

Public commitments are an essential component of the Living Wage. Politicians are called upon to use their mandate from communities and residents for spending public money through the Council public planning cycle and use Council processes to submit, challenge and shape decisions.

The three Living Wage partners (unions, community groups and faith-based groups) work together on actions and events and show the very real impact of low wages on families and workers and the hardship and struggles that low paid working people experience. Actions and activities such as community events, submissions, storytelling, negotiations, public commitments and accreditation processes are used to raise consciousness about the impacts of low wages and the benefits from lifting wages.

3. Accredited Living Wage Employers

Living Wage accreditation is the process of assessing that employers meet a set of criteria which requires agreeing to pay all staff the Living Wage and ensures that contracted workers who deliver services on a regular and ongoing basis are also paid a Living Wage (or at least that milestones are written into the licence to ensure they are paid the rate at the point the contract for services is renewed). Living Wage Employer accreditation confers the right to use the Living Wage Employer trade mark. The accreditation process was launched in 2014. As of now there are:

- 35 businesses
- 22 community organisations
- 3 community health clinics
- 2 political parties
- 9 church based organisations
- 9 unions
- 1 licensing trust

Experiences of Accredited Living Wage Employers and Organisations

In 2017 the Living Wage Movement Aotearoa commissioned research into the experiences of employers and employees who are Living Wage Employers. The research used semi-structured

interviews to collect stories and views about the experiences of being a Living Wage Employer (Stansfield, 2016).

Findings from the research were that being a Living Wage Employer brought some changes in the business model such as increased staff stability and a tighter approach to hours and rosters. The motivation for belonging and being a Living Wage Employer was to feel part of something bigger, positive and upbeat. Living Wage workplaces spoke about positive workplace relations and a sense of pride and fairness:

"I did not expect or receive any kind of gratitude but I feel (that) staff appreciate being rewarded more appropriately. It seems easier to retain casual staff"

"Adopting the living wage has drawn a line in the sand which framed the organisation's position when dealing with other stakeholders, in particular its own membership."

Another respondent spoke about the features of a Living Wage workplace as well as the Living Wage providing the ability to earn more than just survival wages:

"Independently assessed and verified, a workplace where staff have the security and remuneration to participate in life, earning beyond just surviving."

The research found that the Living Wage provides increased consciousness of responsibilities to indirectly employed staff:

"I think it made us think a lot more about all the people who really work for our organisation including those who work for contractors, such as the cleaners in our outer offices and to realise that we had responsibilities to these people as well as our existing staff."

The Living Wage for this employer provided a means of having an ethical and sustainable business:

"We are really clear, the business model is broken, we are building a new model of business, based on ethical treatment and sustainability, we are loud and proud about this and the conversations are increasingly with people who know the model is broken but don't know what to do next".

3.1. What does being a Living Wage Employer mean?

All of the employers in the research cited the reputational benefit that Living Wage accreditation brings. Some employers expressed the hope that more customers would come to them because of being accredited. For others:

"There is something very positive about being part of something larger than ourselves; it is a factor in driving us to succeed."

In the research respondents were asked their views on what they felt when they heard the words Living Wage mentioned. One respondent commented:

The living wage, as a term, is a step away from some 19th-century version of the deserving poor. I like that it's about a wage, the word wage means that it's about working, it's about the importance of work, it's about acknowledging that work is part of our life, part of living, but it is also acknowledging that people need to make a living when they work."

There was an element of caution expressed, however as the quote from this organiser of low paid workers who questions the impact that the Living Wage calculation will have for minimum wage retail workers:

"I support it and I never miss a chance to raise it in bargaining but I'm pretty doubtful that sweet reason or an ethical and moral argument is going to move employers who pay the minimum wage to a highly casualised retail workforce. The brand has its place and it must be useful in convincing community sector organisations, churches and the State sector but I've seen little evidence that it has any impact for the most precarious of workers in the private sector."

4. City Councils and the Living Wage in New Zealand

Taking its lead from international experiences the Living Wage movement has focussed much of its efforts and resources on local authorities. Councils are substantial local employers. The Living Wage movement has been active in many cities organising groups and individuals in annual and long-term planning processes and in calling on Councillors to honour public commitments made.

Around the country Living Wage network members have attended many annual plan council consultation meetings calling for a Living Wage for directly employed and contracted-out workers. This has occurred in Greymouth, Nelson, Hutt City, Porirua, Wellington, Whanganui, Hamilton, Auckland and the Wellington Regional Council. Some of these Councils have made significant strides towards implementing the Living Wage in New Zealand Councils.

4.1. Wellington City Council (WCC)

WCC voted to implement the Living Wage for the entire workforce in June 2017, including those employed via contractors. WCC has since adopted the Living Wage for directly-employed workers and in three contracts for security and cleaning. WCC is working toward Living Wage accreditation by 2019. Public pressure has been an essential part of this process. About 500 directly-employed workers were lifted to the Living Wage in June 2014 and many more have subsequently been lifted to the Living Wage rate, as well as around 100 WCC workers employed via contractors.

4.2. Auckland City Council

A pro-Living Wage mayor and council was elected in 2016 with a commitment to establishing an advisory group to work towards a Living Wage immediately following the election. The Council voted 17:3 to support a staged implementation of the Living Wage for directly-employed staff by 2019 and on September 1 this year over 2000 workers across the Council and its Council Controlled Organisations were paid the first increment toward the current Living Wage rate.

4.3. Christchurch City Council (CCC)

Christchurch City Council took an historic step in August 2017 of voting in favour (14:2) of moving all their directly employed staff in the core council to the Living Wage rate. This followed the election of a number of councillors on a pledge to support the Living Wage during local body elections last year and securing the support of the Mayor. Further

amendments require an investigate report of the cost of implementing a Living Wage for CCC holding companies and contractors via the procurement process.

4.4. Porirua City Council (PCC)

As a result of a visible community campaign Porirua City Council voted in 2016 in the annual plan to allocate \$200,000 to lift the rates of the lowest paid directly-employed workers. The community has continued to bring large turnout of locals in the Porirua area to meet the Mayor and support a delegations of local speakers on the need to build on this first step and implement a Living Wage. A strong call was been issued to the Porirua City Council to include the Living Wage in the 2017 annual plan. PCC voted to support the Living Wage in principle and address the Living Wage in the Long-Term Plan.

4.5. Hutt City Council (HCC)

Living Wage Hutt Valley packed out a council meeting on 14 March and councillors voted 10:3 to support the Living Wage, to ask the CEO to work on a remuneration policy which includes the Living Wage and to work with Living Wage Hutt Valley to investigate extending the Living Wage to contracted-out workers. The local Living Wage movement is working closely with HCC to progress the commitment.

LW and City Council Reflections

The overseas experience is that the decision by a large employer such as a Council has an effect on other local employers providing motivation to follow suit. The New Zealand experience is that movement towards becoming a Living Wage Council has a flow-on effect on other councils too – as evidenced by the new rumblings in other Councils, such as Wanganui, Nelson, Hamilton, and Greymouth.

The role of mayors in supporting the Living Wage is immensely important. Mayor Phil Goff signed up to a Living Wage in 2016 and within weeks was taking steps to lead on this issue at his council meetings. In Wellington Justin Lester, as a Mayoral candidate made an unequivocal commitment to the Living Wage in his election promises. Wellington City Council is New Zealand’s first council to appoint a councillor to a Living Wage portfolio.

There is also an important role for other champions in councils who support the local Living Wage networks by providing information, access and influence as the conversation begins toward a Living Wage council. In Auckland, Councillor Cathy Casey, has maintained support and pressure for a Living Wage since 2013 as has Wellington Deputy Mayor, Paul Eagle, who said (personal communication, 2017a) about the Living Wage and Wellington City Council’s vote to support implementation of the Living Wage that:

“It is the most life changing decision this Council has ever made.”

5. Other Organisations and Employers

There are also many other employers where unions and workers are seeking to influence their employers to introduce the Living Wage as a minimum rate in employment agreements. There has been some progress in the bargaining arena and there is optimism, as prominent business brands such as King Salmon and Hubbards support and agree to the principle of a Living Wage. This activity enables unions to negotiate significant pay increases for low-paid workers using the Living Wage as leverage.

5.1. Tertiary Education Institutions

In the United Kingdom the Living Wage has been mainstreamed into tertiary educational institutions. In New Zealand it is an area of active campaigning. There is a strong network base in Wellington advocating for Victoria University to be a Living Wage employer. The Tertiary Education Union (TEU) and Victoria University (VUW) have agreed to two formal meetings to discuss the Living Wage in the context of VUW's operations, values and strategic objectives and to explore what this could mean for VUW.

6. Central Government

In 2017 election meetings, candidates were asked to support Central Government to step up and endorse the Living Wage for contracted and directly employed workers in the core state sector. Additionally candidates were asked to support an ongoing relationship with the Living Wage Movement Aotearoa and to champion the Living Wage in the NZ economy.

In the state sector there is a wide prevalence of very low wages in contracted-out services. The win in the Courts by unions using the Equal Pay Act 1972 has lifted wages beyond Living Wage rates for at least 55,000 care workers. This mechanism may be available to some female-dominated occupations in the contracted out state sector although the proposed Equal Pay legislation by the former National Government may threaten further such claims.

7. The Living Wage in New Zealand: Effecting Change:

The Living Wage movement is a force for change working for social justice at multiple levels. From it and through it the Living Wage movement has brought transformation and change in people's lives.

Lifting low pay to Living Wage rates means that workers can participate in family and community activities and move from working long hours, possibly having second jobs, to having better and more secure lives. People affected by moving onto Living Wages speak about being able to afford necessities such as healthy food, pay the bills and move to better accommodation, have modest but important improvements to their quality of life, such as holidays, an occasional meal out and a family outing. These are the words of two workers who have had their pay lifted by Living Wage movements (personal communication 2017b):

"We are now working 40 hours a week and spending more time with our baby. We managed to move into a two-bedroom place with more space for our baby to play in. Thanks to the Living Wage we are saving some money to go to Samoa to visit our families who we've never seen since moving to New Zealand. We are not living a life of luxury but it just got better."

"The hardest thing for me was having no money to buy my daughter a present on her fifth birthday. I just felt stink because it was her birthday and I had no money. Then, last week we got a pay rise, because of the council's commitment to taking a step towards the Living Wage. My hourly rate's gone from \$16.70 to \$18.19. It's still not the Living Wage, but it's a good step forward and it meant I could buy my daughter a present and I could take her on an outing. We went to the pools in the weekend. It was brilliant."

The Living Wage movement brings together diverse institutions and groups in civil society around a common goal of addressing poverty and inequality through lifting wages. Although the Living Wage movement has been established a relatively short time, already it is having an impact as it pays workers and their families enough to lead decent lives – not just the lowest employers can pay by

law. It has gained significant support in the public, private and community sectors and already transformed the lives of thousands of workers.

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