



A Newsletter on Social Justice Issues

Welcome to the September edition of Do Justice for 2024 as the Social Justice Committee continues to discuss issues of social justice from a Christian perspective in the tradition of Micah and St Francis.

In this edition, David Hall offers thoughts on the Living Wage Movement. **The views expressed are not necessarily those of the Diocese of Auckland.**

Power to Win

We have often referred to the radical changes that were made by the Lange-Douglas government of 1984-90. This was followed by the Bolger National government with Ruth Richardson as finance minister who completely changed the relationship between workers and employers with the introduction of the Employment Contracts Act. This act removed the "award" system by which unions and employers negotiated conditions for large groups of workers and replaced it with individual contracts for each worker. This effectively enabled employers to dictate wage rates and employment conditions. The result, particularly for so called unskilled workers, such as cleaners and security guards was a rapid drop in wages with most being paid at the minimum wage. Many employers, including local governments and some government departments, moved to contracting out particularly low wage positions resulting in bidding contractors being forced to pay their workers no more than the minimum wage.

Even those workers who had unions to bargain for them found their wages being frozen or only marginally increased despite significant inflation. The Clark government from 1998 to 2008 made some changes to the Employment Relations Act but many thousands continued on the minimum wage. Union leaders became more frustrated, and the merging of smaller unions and the emergence of a smaller number of larger unions only had a marginal impact. John Royle, who was the leader of the Service and Food Workers Union from 2005, finally concluded that a radically different way of approaching the issue of low pay was necessary. He became aware of the concept of the Living Wage and its application for some years in some cities in the USA and more recently in

London. John and his wife, Muriel, who was also an ardent unionist, visited London in 2006 and were introduced to the London Citizens Workers Centre, an organisation funded by local religious organisations, unions and local authorities to support migrant workers. They also met Deborah Littman who was employed by a large union to work with organisations like London Citizens. From 2001 she had been working to get a living wage for cleaners, particularly in hospitals and the financial organisations in Canary Wharf with success, utilising the general approach of Saul Alinsky and the Industrial Areas Foundation (IAF) to bring faith groups, local charities, and trade unions together to build power through community organising.

The diocesan Social Justice Council in the 2000s was concerned about growing inequality in New Zealand as the rich continued to get richer and those on the minimum wage struggled more and more to provide food and shelter for their families. When the Social Justice Council was approached to join in with various religious groups, charities and unions concerned about inequality and low pay, we were pleased to respond positively.

The result was the beginning of the Living Wage in New Zealand at a meeting at St Stephen's Presbyterian church in Ponsonby in May 2012.

Lyndy McIntyre has recently published a book about the first 12 years of the Living Wage in Aotearoa – **Power to Win**.¹

As the Living Wage Community Organiser in Wellington until her retirement in 2020, Lyndy was ideally placed to tell the Living Wage story. She also interviewed 42 people who were involved in, or had direct contact with, the Living Wage Movement.

The dioceses of Auckland, Wellington and Christchurch have had a significant input into the development and growth of the movement together with other denominations.

The most interesting parts of the book are the stories about the opposition to the Living Wage concept and the support from others. "No permanent friends; no permanent enemies" is one of the cardinal concepts of the Industrial Areas Foundation and that has been the case in Aotearoa.

¹ Power To Win: the Living Wage Movement in Aotearoa New Zealand. Otago University Press 2024

Lyndy was based in Wellington and was one of the leaders in the campaign to convince the Wellington City Council to become a Living Wage employer, so it is not surprising that the story of that campaign is covered in some detail. And it is an important story as it does illustrate how the staff of large public organisations can hinder the adoption of a Living Wage for its lowest paid workers despite clear support from the citizens of Wellington through the elected councillors. The CEO of Wellington City Council, with support from the Wellington Chamber of Commerce and the Taxpayers Union, managed to delay implementation of the decisions by the mayor and councillors to pay not just their directly employed workers a Living Wage, but also require it of contractors providing regular and ongoing services such as cleaners etc. It took some four years between the Council voting in favour of the Living Wage to the Wellington City Council becoming an accredited employer in 2018. This despite threats by the Wellington Chamber of Commerce to take legal action if the City Council went ahead, threats that proved to have no legal basis.

On the other side of the story were the employers who understood that their lowest paid workers needed a wage that would be sufficient to feed, clothe, provide a warm dry home for their family and have an opportunity to be involved in their local community and, perhaps most importantly, to live a life of dignity.

One of the first decisions the movement made was to set up an accreditation process for employers that ensured that organisations could not claim to be Living Wage employers without formal accreditation. The term "Living Wage Employer" together with the Living Wage Employer symbol obtained legal registration in 2013.

At the same time, it was necessary to put some numbers to the Living Wage. The Rev'd Charles Waldegrave of the Family Centre Policy Research Unit in Lower Hutt was asked to work on a Living Wage rate that was "the income necessary to provide workers and their families with the basic necessities of life, to live with dignity and to participate as active citizens in society." The Policy Research Unit had experience in looking at this type of issue. The 2013 rate was announced at a symposium at Auckland University of Technology (AUT) in February 2013 attended by a mixed crowd of unions, workers, academics and faith and community groups. Charles Waldegrave explained in some detail how they had calculated the rate and all the elements that contributed to the amount. The rate of \$18.40 per hour was announced. The minimum wage was \$13.85 at that time.²

The Family Centre Policy Research Unit was then asked to monitor movements in prices and general conditions that could affect the Living Wage rate and to announce

adjustments annually for five years after which the basic components and indexes would be reviewed and a new basic rate set.

This process is in contrast to the way the minimum wage is set. The minimum wage is a government policy and is set usually annually by the government. It is a political decision and there have been times when no annual adjustment of the minimum wage has been made. In New Zealand the minimum wage was first introduced in 1894. In general, Labour governments have been more generous in setting the minimum wage rate than National. The difference between the rates in 2013 of nearly \$5 an hour showed how much the minimum wage rate had fallen below the amount needed for a family to have a reasonable life. Charles Waldegrave summed this up well when he said

*"The Living Wage has a transparent logic about it. The calculations and final costs are set out logically in the five-year reviews. They provide an empirical basis for arriving at reasonable costs for a living wage. The minimum wage has no such logic. It neither sets out a budget of key costs nor provides a justification of how it is adequate for those on modest incomes".*³

The Living Wage has now become a basic concept in Aotearoa and many organisations now use it as a guide to setting wage and salary policy; regrettably there are still many organisations that continue to pay some of their employees well below the Living Wage when they can get away with it.

One of the significant contributions that the faith groups made in the early days of the Living Wage Movement was the production of an information sheet that looked at Jesus' teaching, in particular the parable of the workers in the vineyard (Matthew 20:1-16).

When the Auckland Social Justice Council first became involved with the Living Wage back in 2012 it was because of the concern about increasing inequality in New Zealand. However, the Living Wage addresses only one part of the overall inequality problem, a very important part but still only one part. The other important part is the high income and wealth that a very small percentage of the population enjoy, largely because of the changes made by the Lange/Douglas government in the 1980s and the reluctance of following governments to reform our taxation system.

For some involved in the Living Wage more needed to be done, and in 2017 a small group, again unions, faith groups, and charities, came together and formed Te Ohu Whakawhanaunga Charitable Trust to address the long term issues around poverty and inequality using the same basic community organising approach of the Living Wage

² [A brief history of the minimum wage in New Zealand | Newshub](#)

³ Power to Win. Page 226.

and the Industrial Areas Foundation, of local campaign and involvement of unions, faith organisations, and charities working together.

The next possible step to reduce worker poverty and the unacceptable gap between the very rich and the rest of society could be the Universal Basic Income (UBI), hopefully linked to the Living Wage, plus a major reform of our income tax system and the introduction of either capital gains taxes and/or wealth taxes. For many this would be a step too far. But many people thought in 2012 that the concept of a Living Wage was also a step too far. We should remember Jesus' teaching about the rich man and the eye of a needle!