

28 April 2016

To: **Wellington City Council**

Re: **Annual Plan 2016/17. Proposal 6: New Initiatives**

Dear Councillors,

The New Zealand Council of Trade Unions *Te Kauae Kaimahi* writes to endorse and affirm Wellington City Council's significant steps since 2013 towards introducing a Living Wage for Council workers. In this submission we outline measures we recommend are included in the 2016-17 Annual Plan to take the next steps towards Wellington City Council becoming a Living Wage Council.

Background

The NZCTU and many of our affiliated unions are active members of Living Wage Aotearoa.

We commend the WCC for the steps taken so far in implementing a Living Wage. The application of the 2013 Living Wage of \$18.40 for all directly employed staff, transfer back in-house of parking warden services, provision for Wellington Zoo and Museums Trust workers to be paid a Living Wage, and the WCC's commitment in principle to pay the Living Wage to all council staff, including those employed in CCOs and by contractors, and the provision of \$750,000 in the Long Term Plan to help achieve this, are all important steps.

We recognise WCC's leadership on this. It indicates a strong support for and a commitment to the Living Wage. Our organisation was one of just many who have called for WCC to take these steps, and we join with many organisations and individuals in acknowledging the progress made, including through overwhelming public support during Council consultation periods over the past two years. We look forward now to the next steps needed to progress the Living Wage at Wellington City Council.

2016/17 Annual Plan

We acknowledge the provision made in the 2016/17 Draft *Annual Plan Consultation Document* under *Proposal 6: New Initiatives*, to further advance a Living Wage for the Council workforce.

We endorse the three recommendations put forward by Living Wage Wellington for the 2016/17 Annual Plan, which is to:

- Match the minimum rate paid to the Council workforce to the current New Zealand Living Wage rate
- Extend the Living Wage to all workers in CCOs and workers employed via contractors in a staged implementation
- Put in place a plan to become a fully-accredited Living Wage employer by June 2018

Maintaining the currency of the Living Wage is essential. This ensures that workers incomes are kept at a level which allows them and their families to fully participate in society, and that the good steps taken to bring in a Living Wage aren't eroded as workers' costs increase over

time. Extending the Living Wage to contracted workers and workers in Council Controlled Organisations is also essential, both to ensure their workers benefit from a living wage but also in order to avoid perverse side effects: such as incentivising contractors to, in effect, bid against the City Council on price, based on low wages, and erode the benefits of the Living Wage policy. These steps will assist in the Council moving to full accreditation as a Living Wage employer.

Rationale

Growing inequality gaps and high poverty rates is the most pressing economic and social issue that New Zealand faces. Immense hardship has been incurred by workers and families from New Zealand's high inequality rates. The worst evidence of this is reflected in appalling statistics of child poverty.

Concerns about low and stagnant wage levels are increasing. CTU research shows that real wages have fallen significantly behind labour productivity growth in the market economy since 1989 and would have been an estimated 16% higher in 2012 if they had kept up with productivity.

Local Government has a critical role in combatting low wages, poverty and addressing inequality. Local communities, their leaders and community organisations are looking for solutions to reduce poverty and address income gaps in their communities. These concerns have led to widespread local and community support for the Living Wage.

Wellington City Council is in a strong position to take leadership and implement the Living Wage for all its employees - directly or indirectly employed. Wellington City has the highest median household income of any territorial authority in New Zealand according to the 2013 Census. But the Census also shows that the Wellington region has the second highest household income inequality in the country. This shows that Wellington has both the capacity and the need to lift wages to Living Wage levels.

Committing to the progressive implementation of the Living Wage in all WCC services will make not only a substantial and significant difference to the lives of workers and their families but also have positive spillover effects for Wellington citizens, communities and the city itself. The CTU has made numerous submissions previously to the WCC in support of the Living Wage and cited research that demonstrates the many benefits that are created by the implementation of the Living Wage, including increased worker productivity, improved morale, and reduced turnover.

Yours sincerely,



Sam Huggard
Secretary