

Submission to Wellington City Council on Draft Long Term Plan 2015 - 2025

This submission is from:

Rev. Norman Wilkins

On behalf of the Parish Council of St Andrew's on The Terrace

30 The Terrace, Wellington 6011

Contact: 04-472-9211 (St. Andrew's office)

or 04-9701010 (Norman Wilkins' home)

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I do wish to speak to our submission.

Our submission concerns **The Living Wage.**

We are asking you to make these amendments to the Long Term Plan:

- 1. Expand the commitment to the Living Wage by including it in the Social Outcomes section, which currently contains no people-focused outcomes at all.**
- 2. Include in The Long Term Plan the provision to progressively move towards paying workers employed by Council Controlled Organisations and those employed by contractors (e.g. cleaners, security guards and recycling workers) the Living Wage.**
- 3. Commit Council to becoming a Living Wage Council.**

The definition of a Living Wage is: *The income necessary to provide workers and their families with the basic necessities of life. A living wage will enable workers to live with dignity and to participate as active citizens in society.*

What we recognise that Council has done so far

We congratulate you on the steps taken so far. Nearly 500 council workers have been lifted to the 2013 New Zealand (NZ) living wage rate, including the very low-paid parking wardens. That is a significant achievement. The living wage is mentioned under the "invest for growth" section,¹ where there is provision for a living wage for directly-employed staff at Wellington Zoo and Museums Trust.

We note that in December 2013, Wellington City Council voted to direct Council Controlled Organisations (through the statement of intent process) to consider how they would implement the living wage and to report back as part of the 2015 Long Term Plan; and to support further work undertaken on how to apply the living wage to staff employed by contractors, to also be reported back as part of the 2015 Long Term Plan.

This was reported in the *Dominion Post* as follows:

But while direct council employees will benefit, contractors and employees of council-owned companies are not included after officers warned there are many complicated issues to work through. Instead councillors agreed that those issues should be investigated further and a plan for including those staff developed in time for inclusion in the 2015 long term plan.

The draft Long Term Plan says that our city is in a "strong financial position"², so there is no financial reason for not proceeding to fulfil this commitment.

The Plan pledges to "include the most vulnerable citizens in city life".³ The Plan also states: "People and social cohesion matter"⁴.



The benefits of paying the Living Wage

Implementing the Living Wage benefits workers and their families, communities and central and local government. The relationship between wages and well-being is well documented. Health, education, and social participation all improve when wages are lifted. At present we believe that some Council workers such as cleaners, security guards and recycling workers are being paid very close to the minimum wage of \$14.75/hr. This level of income is not sufficient to enable a family to do more than survive; they cannot participate in society and possibly leads to adults in the household having to work very long hours with more than one job to the detriment of children in particular.

There have been studies conducted that show that children from low socioeconomic backgrounds perform on average worse on intelligence tests than children from higher social economic backgrounds and that the difference in IQ increases as the children grow older. Also Last year, a study by the University of Exeter revealed that children from poor backgrounds are more likely to suffer from attention deficit hyperactivity disorder, which could affect their ability to excel at school.⁵ The Living Wage will therefore contribute to our children reaching their potential and their development not being impaired by poverty.

Income inequality has been increasing with a deleterious effect on all the citizens of Wellington.⁶ A living wage is necessary for economic prosperity. A prosperous economic environment depends on consumers having the spending power to support local industry. By becoming a living wage employer, Council can lead the way and encourage Wellington employers to follow this lead.

Decent wages makes business sense in both public and private sectors. Research in the UK⁷ in 2012 reported that a living wage:

- Supports recruitment and retention of staff, saving employers the costs of turnover
- Lowers the rates of absenteeism and sick leave
- Suggests enhanced productivity, through higher quality work by employees
- Boosts morale and motivation
- Improves public image and reputation of businesses

The call for a living wage city is consistent with the Council's commitment to access to social and recreational activities, as the goal of the living wage is to provide the income necessary for workers and their families to participate in society. The Council also has a mandate for including moving towards paying the Living Wage in the Long Term Plan for in the 2014 WCC Annual Plan process the Wellington community was asked the question "Should the Council introduce a living wage rate for staff of council-controlled organisations or council contractors? Who should pay the cost of a living wage rate to staff of council-controlled organisations or council contractors?" The living wage was overwhelmingly supported in the 2014 Annual Plan consultation process by submitters. The extension to staff employed in CCOs and by contractors was also overwhelmingly supported. It also is noted that the cost was given as \$2m without supporting evidence and we suspect that is excessive.⁸ (Living Wage Wellington has estimated the cost of implementing the living wage across all employees in the Council workforce employed via contracted employees at around \$700,000)

Our city's participation in the Living Wage Movement will positively promote the Wellington job market making it attractive to newcomers such as students, migrants and others considering moving to Wellington. It will send a clear message about the Council's commitment to good social outcomes. Progressing towards becoming a city where the Living Wage is part of our identity enhances our reputation as the 'Creative Capital' of New Zealand.

Attributes of the Living Wage

- It is voluntary and not mandatory
- It is not a welfare payment but a wage in the market place
- It is a rate for all workers, based on a methodology similar to that used around the world
- However it does not account for differences in housing costs around the country; rather it provides an income that is sufficient for some but not adequate for others.

In order to be a “living” wage, the living wage must be revised regularly. In February 2014 the NZ living wage rate was adjusted to \$18.80 an hour after an independent review by Charles Waldegrave of the Family Centre Social Policy Unit Research Team and Dr Peter King.

A further annual review was conducted by Charles Waldegrave and Dr Peter King in December 2014 and the 2015/2016 NZ living rate of \$19.25 was announced at Wellington fully-accredited living wage cafe La Boca Loca in February 2015.

Why St. Andrew’s supports the Living Wage

This submission is made by the Parish Council of St Andrew’s on The Terrace, Wellington. St Andrew’s on The Terrace is a Presbyterian congregation, first established in 1840, with a long and distinguished record of working for social justice and caring for people within and beyond our community.

St. Andrew’s has consistently promoted the adoption of the Living Wage since the Living Wage movement came to Wellington, and as we have previously stated “as a Christian church we are motivated by our concern for the Common Good of our society. Recognising the worth of every person is a core value of our faith. As members of a progressive Christian faith community, we stand in solidarity with the vulnerable and we care deeply about the well-being of all New Zealanders”

We base our participation in this process on our belief that human societies do best when we follow the golden rule that is at the heart of many religious traditions: that we treat others as we would want to be treated by them. We have a collective responsibility to co-create a “good society” and we must ensure that all citizens are able to participate equally in society and its institutions, including access to a decent income from employment.

We are deeply involved in the life of Wellington, the city where we live and work and which is home to our faith community. Commitment to the city is an ancient element of our tradition. In Jeremiah 29:7 God told the Israelites: “Seek the welfare of the city where you live... And pray ... on its behalf, for in its welfare you will find your welfare.”

We do that each Sunday in our prayer for St Andrew’s which includes the following:

***Bless the city in which we live
that it may be a place
where honest dealing,
good government,
the desire for beauty
and the care for others flourish.”***

We recognise the vulnerability and loss of well-being caused by poverty.

We are one of many faith communities that support the introduction of the Living Wage.

¹ Page 9, Our 10-year plan

² Page 10, Our 10-year plan

³ Page 8, Our 10-year plan

⁴ Page 20, Our 10-year plan

⁵ Scientists from Goldsmiths, University of London compared data on almost 15,000 children and their parents as part of the Twins Early Development Study (Teds).

The study is an on-going investigation into socio-economic and genetic links to intelligence.

Children were assessed nine times between the ages of two and 16, using a mixture of parent-administered, web and telephone-based tests.

The results, published in the journal *Intelligence*, revealed that children from wealthier backgrounds with more opportunities scored higher in IQ tests at the age of two, and experienced greater IQ gains over time.

Dr Sophie von Stumm, from Goldsmiths, University of London, who led the study, said: 'We've known for some time that children from low socioeconomic status (SES) backgrounds perform on average worse on intelligence tests than children from higher SES backgrounds, but the developmental relationship between intelligence and SES had not been previously shown.

'Our research establishes that relationship, highlighting the link between SES and IQ.

'We hope that our findings will drive future research into the specific mechanisms and factors that underpin the link between SES and IQ and thus, contribute to widening the IQ gap.'

Last year, a study by the University of Exeter revealed that children from poor backgrounds and one-parent families are more likely to suffer from attention deficit hyperactivity disorder, which could affect their ability to excel at school

⁶ **Inequality**

There is a growing body of evidence that indicates that unequal distribution of income – the gap between rich and poor and the extent of income inequality – has a direct effect upon the well-being of all people in a region. Income inequality in the Wellington region is more accentuated than for New Zealand overall. The P80/P20 ratio of equivalised gross weekly household income for the region¹⁷ is consistently higher than that for New Zealand (when viewed across the entire study period). The degree of income inequality in the region has also increased during the time monitored. This high and increasing level of income inequality is expected to have implications on the overall well-being of people living in the region.

Genuine Progress Indicators, Wellington Regional Council <http://www.gpiwellingtonregion.govt.nz/assets/WR-GPI2001-2013.pdf>

⁷ The costs and benefits of the London living wage, October 2012, Jane Wills and Brian Linneker, School of Geography, Queen Mary University of London

⁸ Page 11, draft Wellington City Council 2014/2015 Annual Plan