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# Annual Report

## Living Wage Movement Aotearoa NZ

April 1, 2017 - March 30, 2018

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*The Living Wage Movement Aotearoa NZ aims to facilitate the organisation of communities to secure the income necessary to provide workers and their families with the basic necessities of life; to encourage and promote the development of better policies for working people; to raise public awareness and understanding of the issues associated with low income workers; and to develop the capacity and skills of our members to support and advocate for low waged workers.*

### Winning in a new way

The Living Wage Movement was set up because in-work poverty was growing and the industrial relations model gave no hope of the seismic change necessary to re-build a decent society in Aotearoa where workers earn enough to survive and participate in society.

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We now have hope because, after a quarter of a century, public and private money is on the move to workers who need it most. The aspirations of our union, community and faith group members that a new standard would be set where a base wage is based on *need* rather than the *market*, is finally being realized.

Activity in the 2017 financial year was dominated by the general election and celebrated with the commitment of the three political parties to enter Government, making a public commitment to implement a Living Wage for all workers in the core public service within the term of government. This commitment required the directly employed to be paid a Living Wage within the first year and the contracted workers within the first three years.



In line with its promise to establish an advisory group to oversee implementation the Living Wage, the Government held its first meeting with the Living Wage Movement, the PSA and E tū by February 2018, when discussions were already underway across the state sector to realise this significant milestone.

Living Wage Wellington continued to hold actions reminding its Council of the commitment to accreditation. A steering committee was set up to ensure effective communication with elected officials and employed staff. The Wellington City Council campaign provides a reminder of just how small, yet effective, the Movement is, as significant institutions step up to meet the accreditation bar. We have been challenged with the issue of trainees and the management of contractual arrangements with service providers. However, this experience is setting us up well for future council campaigns. Jeff Rowe (Accreditation Advisory Board member), brought his long experience as a union organiser in the public service to the council implementation process, voluntarily supporting the lean accreditation resource, with the aid of John Ryall and Paul Barber.

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In September 2017, the Auckland City Council paid all directly employed staff the first of three steps toward the Living Wage and honoured the commitment of Mayor Phil Goff to a steering committee to oversee implementation. Finally, and somewhat unexpectedly, Christchurch City Council delivered for the core council directly-employed staff.

Three years after the first Living Wage Employers were announced, the first corporate accredited employer came on board, the lines company, Vector. Some 60 corporate businesses were approached and invited to become Living Wage, but Vector alone stood out in an otherwise invisible cohort of businesses able to pay but refusing to do so.

The first national Living Wage Week took place in the second week of November and provided a platform for community and businesses to celebrate living wages. This is the same week as the UK and may provide future opportunities for collaboration.

Sustaining regional networks through action is our bread and butter, whether it is the Artists for the Living Wage at the Newtown Festival, or submissions, petitions, delegations and fundraising. Hundreds of community supporters play their part in winning Living Wages around the country and Porirua and Hutt Valley councils deserve recognition for long campaigns that have begun to deliver results.

Fundraising is an important part of what we do to sustain local activities and Auckland and Wellington took on the Round the Bays challenge in 2018 raising over \$1000.00 each. The amazing Auckland volunteer caterers added \$5000 to their coffers providing lunches for union delegates at E tū.



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## Growing our evidence base for a Living Wage

### The review of the rate

The Family Centre Social Policy Research Unit has completed the first full review of the rate since the original Living Wage was announced in 2012, when it was \$18.40 per hour. Moving from a strong focus on expenditure, new sources of data this year mean the calculation reflects more of the needs of workers to survive and participate in society, including food and rent costs, energy, health, communication and education. Other estimates are necessarily based on Household Economic Survey data (Statistics NZ) and inflation adjusted for 2017.

The Household Economic Survey (HES) from Statistics NZ has been the primary source of information and this assesses expenditure by different income groups. The new needs-based data is extended to household energy, health, communication and education. Otago University Wellington's Housing and Health research programme, the Building Research

Association of New Zealand (BRANZ) Household Energy End-Use Project (HEEP) and the Institute of Professional Engineers (IPENZ) Multi-disciplinary investigation of energy use in New Zealand households, provides a more accurate basis to establish the energy consumption in Kilowatt hours (kWh) required to maintain a three bedroom house at a healthy temperature throughout the year and also meet other energy requirements. The Ministry of Health's service utilisation information collected from District Health Boards (DHBs) and Primary Health Organisations (PHOs) provides GP visits by age group and fees. Pharmac reports on prescription usage. Monthly broadband and mobile charges are widely

available and enable a more accurate assessment of communication charges, while the New Zealand Council for Educational Research (NZCER) keeps pace with the direct costs to parents for children at primary and secondary schools. The Survey of Income, Expenditure and Fees (SIEF) carried out by Early Childhood Education (ECE) Services provides a wealth of financial information on ECE, including fees and subsidies.



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The new independently calculated rate results in a marginal closing of the gap between the Living Wage and the Government's statutory Minimum Wage (of \$16.50) from nearly 30% to 24.5%. The new Living Wage of \$20.55 over 40 hours of work means a total gross income of \$42,744.00 or over a household income of 60 hours, \$64,059. The Government's families package boosts the Family Tax Credit and raises the abatement threshold, which along with accommodation supplements, reduces upward pressure on the level of the Living Wage.

The Living Wage is 73 percent of median disposable household income in New Zealand and 61 percent of the mean disposable income for households with two adults and two children respectively. This estimate (\$20.55) is \$4.05 above the new (1 April 2018) minimum wage, or \$162 per week. The difference between the two wage settings is 24.5 percent of the minimum wage. This produces a disposable household income that appropriately sits between median household income and the poverty thresholds.

The positive impact of the Families Package on lowering the expected level of the living wage for 2018 is quite apparent. If it was not forthcoming, then the hourly rate with the more precise calculations would be \$22.45 instead of \$20.55. The difference is almost \$2 an hour.

## Research shows its good for business

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

Morale, turnover and reputation is enhanced by the Living Wage in research completed in 2017 by Unitec's John Stansfield into the impact of being Living Wage on the organisation. In the words of one employer: "I did not expect or receive any kind of gratitude but I feel staff appreciate being rewarded more appropriately. It seems easier to retain casual staff. An employer remarked: "Becoming an accredited employer ... made us think about ourselves as an organisation and reflect on all the people who are employed directly or indirectly, not just the obvious people we come into



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contact with, not just permanent full-time staff, and to ask the question what really is our impact and is this consistent with what we believe?”

## Accreditation

The launch of the Living Wage accredited employers 2017 took place at the Wiri Licensing Trust, in South Auckland – a small but growing business putting its hand up in the competitive world of hospitality. Further, it is setting the pace for the growing push at the low-paid West Auckland licensing trusts to recognise community wellbeing is more than redistribution of pokies’ money; workers also deserve to live decent lives.

Our second major celebration also took place at a Living Wage hospitality venue in central Wellington, Rogue and Vagabond, where bar owner, Gwil Waldren, said being Living Wage was a great business decision and he called on all employers to step up and do the same.



## Taking the long view

In 2017 an application to the Peter McKenzie Project, a subset of the J R McKenzie Trust, signaled a long view of broad-based organising: an Aotearoa Alliance that could embrace the many intersecting issues of poverty that diverse communities want to address.

In the 2017 general election campaign, Living Wage Auckland incorporated a call for a state and emergency housing quota. For the communities of South Auckland, the issues are inseparable. Now the Living Wage Movement supports an accountability forum with local MPs to oversee the steps to honouring this election promise. It has become clear we can build a true broad-based alliance in the future and the Movement’s Governance Committee is a sponsor for this development.

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## Financial stability

The Living Wage Movement is in a solid financial position with membership and Living Wage Accredited Employers growing in number and engagement. Fundraising primarily in Auckland and Wellington maintains \$10,000 per annum for local events. Member groups provide infrastructure support to our paid staff, notably E tū, which has dedicated office space to the Living Wage Movement in Auckland and a database management system. The Living Wage Movement has

- 87 members in 2017/2018 financial year, which represented a growth of 4.8% (2016/2017: 83 members).
- 91 accredited living wage employers, which represented a growth of 49.2% (2016/2017: 61).

### Financial performance

In the period from April 2017 to March 2018 the Living Wage Movement operating income was \$231,817, which represented an increase of 22.1% compared with the previous year (\$189,805). The main income streams were from:

- Grants income of \$83,526.88 (JR McKenzie Trust Grant for community organisers)
- Donations of \$32,517.19 received from different organisations and individuals
- Membership Income of \$61,179.12, received from 87 members
- Employer Accreditation Licence Fees of \$18,047.29, received from 61 accredited employers
- Fundraising income of \$6,091.33 collected from the Wellington and Auckland Living Wage Fundraisers.

The operating expenses in the same period were \$244,120.91 which represented an increase of 27.8% compared with the previous year (2016/2017: \$191,013). The major expenses were incurred for:

- o Volunteer and employee related costs for three employees - \$163,043
- o Training expenses of \$14,365
- o Events and Forums - \$3,754
- o Printing and promotion - \$8,549
- o Fundraising expenses - \$1,452
- o Governance Committee - \$3,757.

The net deficit for the current financial year was \$12,304. In the previous year, the LWM's deficit was \$1,866.

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## Financial Position

At the end of 31 March 2018, the cash bank balance was \$161,027. The accounts receivables stood at \$19,320. The total assets were \$180,347 on 31 March 2018, which represented an increase of 4.9% compared with the total assets on 31 March 2017 (\$171,895). The total liabilities were \$131,913, representing mostly the unused donations and grants with conditions of \$ 66,6667 and the membership fees and employer accreditation license fees received in advance of \$33,374. The Living Wage members' funds were \$48,434 on 31 March 2018, which represented a decline of 20.3% (2016/2017: \$60,738).

We are grateful to JR McKenzie Trust for showing faith in the work of our community organisers and commitment to the Movement as a whole. The funding for our two half-time organisers in Wellington and Auckland has been continued for a second three-year term, enabling us to embed our victories. All the research suggests that without paid community organisers, coalitions of organisations simply don't survive. Further, the Trust has joined the growing family of Living Wage Employers by becoming accredited in this financial year.

## Our staff, volunteers and supporters

The Living Wage Movement would not have succeeded without the critical support of staff, volunteers, and supporters. The volunteer accreditation coordinator, Diana Yukich, stepped back in September and with a growing financial base from accreditation fees, the Movement was able to employ a accreditation for 16-hours per week, Felicia Scherrer.



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Wellington organiser, Lyndy McIntyre needs special recognition after three years of continuous campaigning because without her passion, skill, and relentless hard work, we would not be celebrating the Wellington victories that are leading the way in Aotearoa.

Many hours of voluntary time continue to be provided by Treasurer, Shirley Zhuang, who manages all our accounts, and our accountant, Marina Kokanovic, who prepares the accounts. We are grateful for their dedication and contribution to the financial health of the Living Wage Movement. We have also again been ably served by Barry Lee, as our audit reviewer, who gives confidence in the professionalism of our accounting to all our Members, Supporters and Living Wage Employers.

Felicity Moore has delivered a training video for the Movement, much in her own time. This required many patient hours of filming and describes what broad-based organising is for our emerging community leaders. Jason Fell continues his support by taking photos of Auckland-based events and Leah Foxcroft and Mat Danaher support our social media and IT needs. Thank you for your offer of time and your unique contributions to our work.

This Movement is a product of the voluntary time of so many. We are successful because all over the country people dedicate themselves to transforming the lives of working people and their families through a Living Wage.

## Governance Committee 2017-18



Annie Newman	Convenor
Sanele Poluleuligaga	Faith (resigned)
Rev. Dr Susan Adams	Faith
Rev. Jenny Dawson	Faith
Bronwynn Maxwell	Union
John Ryall	Union

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Sandra Grey	Union
Rose Black	Community
Ibrahim Omer-Salin	Community
Muriel Tunoho	Community
Diana Yukich	Community
Shirley Zhuang	Treasurer
Bronwen Beechey	Secretary

### **Accreditation Advisory Board**

Kevin Church (Employer) - Hiueni Nuku (Community) - David Hall (Faith) - Mat Danaher (Union) - Jeff Rowe (Union)

### **Auckland Local Board**

Yvette Taylor (chair) - Faisal Farghaly - Dave Tolich - Susan Adams - Tina Pan

### **Wellington Local Board**

Muriel Tunoho - Ibrahim Omer – Marlon Drake - Rebecca Matthews-Heron - Paul Barber  
Andrew Chick - Rev. Hiueni Nuku – Rev. Motekiai Fakatou – Katy Miller

### **Christchurch Steering Committee**

Coordinator: Karena Brown

### **Community Organisers**

Lyndy McIntyre - Fala Haulangi

### **Accreditation Coordinator**

Diana Yukich (April-September) - Felicia Scherrer (September-April)

