

Talking Cents

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Talking Cents is an ecumenical group charged by the Anglican Diocesan Council to promote an alternative to current economic and political thought, and to encourage debate within the church.

Ministry units are encouraged to distribute these articles. This article is contributed by Prince Devanandan, Secretary of Mission and Ecumenical, Methodist Church of New Zealand

Living Wage and Wellbeing of All

The Living Wage movement is campaigning for a national hourly rate of \$ 18.40. Trade Unions and many of the churches have acknowledged a living wage as an imperative. The Anglican Church's Family and Social Policy Research Centre in Lower Hutt has worked out the costs and defined the living wage as "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."ⁱ The reality is that over 740,000 wage earners receive significantly less than this basic living wage.

In New Zealand society, we have at least three problems to address while we campaign for living wages: first the low hourly rate; second, the over pricing of commodities by the two main supermarket chains and power companies; third, excessive housing costs. Prices of power and telephone charges are very high in New Zealand compared to other countries.ⁱⁱ Basically wage-earners in New Zealand **are underpaid and overcharged**. In a situation like this it is obvious that the standard of living continues to deteriorate. This condition is having an effect on other spheres for the younger generation. The most affected areas are education and health. Growing numbers of young children do not have good food to get a proper education. 100,000 young children go to school with empty stomachsⁱⁱⁱ is a cry heard from many schools and community agencies.

The attempt to address the issue with a living wage campaign alone is not going to

solve these problems; but we need to start somewhere. A living wage for wage-earners is only the first step. Enforcing a living wage has other consequences. For example, about 40 truck drivers working for Pak' n Save and New World supermarkets will lose their jobs this year when they are replaced by owner-drivers [The NZ Herald 11Feb2013]. In whatever way, the companies will ensure that they will not make any sacrifice themselves, but pass the burden onto working people. How many of the 40 truck drivers can afford to buy their own trucks and be contracted to continue to earn an income? Conversely, using subcontracted transport workers would mean they are required only when there is a need: other times they would be without income. A similar pattern was seen in the case of the Ports of Auckland last year where the jobs were to be contracted out and the employees and the unions are fighting back to keep their jobs.

While a living wage would lift the level of income for the average wage-earner and boost the income of families, it can be argued that the dangers of losing out to other areas such as reduced number of work-hours threaten the wellbeing of many. Further loss of jobs and not getting enough working hours per week could have an effect on guarantee of minimum income. For every wage-earner job security is the important issue than sometime losing one's job and staying unemployed. The systems that operate have pushed people to opt for this kind of vulnerability rather than paying them a living wage. Trade Unions have lost their power to negotiate a just wage.

The NZ Herald [11 February 2013] reported that unions have been driven to seek a "living wage" because their old methods of negotiating wages no longer work. The change in employment relationship has resulted in employers paying less for more work. Annie Newman, Living Wage Campaign co-ordinator stated: "Very often the person with power in the employment relationship is actually not the employer; it's someone at arm's length from the employer. It could be a labour hire company. It could be a contracting company. It could be the shareholders." Whatever they say, in my view we have a modern day slave market that hires people according to the likes and dislikes of the slave masters rather than a job with dignity and a living wage. This kind of slavery must be abolished for the living wage to be effective. All employers must be directly responsible for paying the guaranteed living wage to those who work for them.

The ultimate goal of every company CEO is to ensure that his or her income is protected. And to achieve it, they always try to get the maximum profit with minimum cost and often cost cutting is in the sector of labour. As long as there are no limits on CEO incomes and companies use tax havens this problem cannot be overcome. Finance minister Bill English says: "We have to have economic settings that enable the people who employ people in New Zealand to make a buck, so that they can pay decent wages" [The NZ Herald 13February2013]. In many instances the employers are making the said buck in millions of dollars at a cost of low wages to the employee. A moral change is needed by the CEOs and perhaps the minister of finance.

Beside the need for a living wage, the second problem is the unabated price increase of commodities. These prices are not monitored by any of the watchdogs such as the Commerce Commission. TV3's John Campbell has been comparing the prices of basic food items in New Zealand, Australia and UK since Monday

11 February in his 7 pm Campbell-live programme. His findings are that the same groceries cost about 30 to 40 NZ dollars more in New Zealand than in UK and in Australia. Campbell's conclusion is there is a 'duopoly' that charges consumers as there is no one responsible to question the price marking of the commodities. Another clear example is while we have a higher NZ Dollar, petrol prices keep on increasing. This again is a higher price for a litre of petrol compared to Australia.

Even if the wage-earners get a living wage the prices of basic commodities such as food, milk and power costs are going to continue to lower the standard of living in this country. That is because there is no a proper control over the pricing of the basic commodities for the wellbeing of the people of this land. This failure has a negative impact on the health sector.

The third problem is in the area of housing affordability. This is a problem that needs addressing at various levels. Certainly a living wage will increase the capacity for some families to live in a better house but will not help them to own a house of their own due to unabated pricing of the houses in the market. The wellbeing of all people requires actions in the area of housing as well.

While I support and stand by every part of the living wage campaign, I am of the view that it is only one step towards a better life of all New Zealanders. The other aspects of guaranteeing a better standard of living also must be taken seriously. The most important ones are job security for employees, abolition of modern slavery, and control over the price of the basic commodities including power and shortage of housing.

ⁱ Report of an investigation into defining a living wage for New Zealand, p.3

ⁱⁱhttp://en.wikipedia.org/wiki/Electricity_pricing#Price_comparison

Otago Daily Times

<http://www.odt.co.nz/135473/nz-consumers-paying-more-some-telecoms-services>

ⁱⁱⁱ<http://www.scoop.co.nz/stories/GE1207/S00004/100000-kiwi-kids-are-going-to-school-on-an-empty-stomach.htm>