



The Living Wage: PHANZ Position Statement

The Public Health Association of New Zealand (PHA) is a national association with members from the public, private and voluntary sectors. Our organisation's vision is 'Good health for all - health equity in Aotearoa', or 'Hauora mō te katoa – oranga mō te Ao', and our purpose is to advocate for the health of all New Zealanders. To achieve this, we provide a forum for information and debate about public health action in Aotearoa New Zealand. Public health action aims to improve, promote and protect the health of the whole population through the organised efforts of society. We recognise Te Tiriti o Waitangi as the founding document, defining respectful relationships between tangata whenua and tangata Tiriti, and are actively committed to supporting Te Tiriti values in policy and legislation.

The Public Health Association supports the living wage movement and argues that implementing a living wage policy is an important population health strategy to address health inequities. Since Māori are over-represented in the lowest wage brackets, a living wage initiative could efficiently lift Māori households out of poverty. Moreover, becoming a living wage employer is one tangible way to demonstrate social commitment to ethical business practices and corporate social responsibility. In particular, we argue that public money should not be used to entrench hardship and inequity in society and as such urge health workplaces to implement a living wage policy.

Income is a key modifiable determinant of health (Lynch et al., 2004). A World Health Organization survey found people in the poorest socio-economic status quintile were twice as likely to experience poor health than those in the wealthiest (Hosseinpoor, 2012). Eliminating poverty remains an important population health strategy to address health inequities (Wilkinson, 1996).

Neoliberalism as embraced by political leaders in Aotearoa in 1980s and 1990s was based on the false notion that the market is the most efficient mechanism for determining the worth of something or someone (Kelsey, 1999). This presumes society is a meritocracy, where character and tenacity combined with hard work brings success. It also assumes that society is a level playing field with everyone has a fair chances to thrive (McCreanor, 2009), Giroux (2003) argued this phenomenon is a kind of collective denial of history and structural discrimination.

A cornerstone of the neoliberal agenda was the passing of the *Employment Contracts Act 1991* which enabled the transformation of employment relations in Aotearoa. This legislation undermined collective bargaining, resulting in fewer multi-employer collective agreements, lowered union membership and reduced penal rates (Rasmussen, 2009) meaning real reductions in earnings. Bray and Rasmussen (2018) argued that employment conditions continue to be distorted by neo-liberalism.

At the highest levels the health sector competes with other sectors for government investment, and there is considerable political pressure to contain the costs of health planning, monitoring and delivery. This pressure trickles down as an imperative for health providers (and funders) to operate as effective businesses. Without effective equal opportunity practices or anti-racism strategies embedded to moderate neo-liberalism this has contributed to ethnic pay inequities such as the over-representation of Māori and Pacific workers in poorly paid entry level roles (Statistics New Zealand, 2021). Recent research confirmed this is matched with under-representation of Māori and Pacific workers in district health boards (DHBs) with salaries over \$100,000 (Came et al. (2020).

The health sector is currently being reviewed, restructured and reimagined (Health and Disability System Review, 2020). DHBs are due to be dis-established and the bulk of their funding and health delivery functions fulfilled by new entities. At present, DHBs who are responsible for providing and/or funding regional health services across Aotearoa are of strategic importance as they are major regional employers. DHBs often set the standard in regional employment conditions. The new entities that replace them are likely to be equally important.

Living Wage Aotearoa (LWA) is part of the global living wage movement, ensuring workers can afford the necessities of life and can actively participate in communities (Living Wage Aotearoa, 2020). LWA was launched in 2012 by 200 unions and community groups working

across a bipartisan coalition (Douglas et al., 2020). They advocated for a living wage that covers food, shelter, utilities, transport, healthcare, childcare, and a small buffer for unforeseen events.

The living wage is calculated each year by the New Zealand Family Centre Social Policy Unit, and the living wage hourly rate for 2021/22 is \$22.75 (Living Wage Aotearoa, 2020). The median hourly rate in 2021 for all full-time employees is \$29.18, (for men, \$30.00 and women \$28.00). However, when this is broken down across ethnicity the inherent inequalities become more apparent. For Māori men median wages are \$27.50 and for women \$25.60, and Pacific median rates were significantly lower again at \$25.00 for men and \$24.20 for women. These are in contrast with Pākehā median rates of \$31.97 for men and \$29.18 for women (Statistics New Zealand, 2021).

The living wage requires employers to pay an evidence-based fair wage rather than the lowest legal possibility and the current minimum wage does not support human flourishing. The purpose of the minimum wage was not to reduce poverty on its own (New Zealand Treasury, 2013) relying instead on other government transfers (i.e., accommodation, health, and education) to support low-income families. Given the antipathy of sections of society fuelled by the media towards government top ups and low wage workers the minimum wage contravenes notions of decent work and a just society.

Living Wage Aotearoa initially prioritised campaigning for the living wage within the local government sector. They argued public money should not be used to entrench hardship and inequity in society (Luce, 2017). Some studies have captured specific health gains from the introduction of living wage initiatives. For example, Landefeld et al. (2014) found improvements in social status and self-rated health with particular improvements for women. A living wage raises workers out of in-work poverty, enhances individual dignity and may avoid reliance on charity. Increased household income lifts all its members to a better standard of living, reducing poverty-related health issues, improving educational achievement, reducing deprivation, and enabling inclusion and citizenship (Newman, 2014).

Employers can obtain formal accreditation with LWA if they meet criteria focused on the terms and conditions of directly and indirectly employed workers. Accredited living wage employers are required to allow unionisation and collective processes, which further develop social integration and citizenship. These actions and consequences can deliver improved economic outcomes for the organisation offsetting the upfront wage cost (Maloney & Gilbertson, 2013).

As significant regional employers this is an opportunity for DHBs and/or their replacements to positively contribute to the alleviation of entrenched poverty through the adoption of a principled policy position on the living wage. In February 2021, Came et al. (Under review) issued official information requests to all DHBs to determine existing engagement with the living wage movement. The review found no DHBs were registered living wage employers nor is it a requirement of those whom they sub-contract, however two out of the twenty DHBs had plans to become living wage employers.

Systemic policy and practice failure as documented by the Waitangi Tribunal (2019) has heightened ethnic socio-economic inequities (Ministry of Business Innovation and Employment, 2020). Article three of Te Tiriti o Waitangi emphasises the importance of equity. Since Māori are over-represented in the lowest wage brackets, a living wage initiative would be a contribution to alleviating inequities.

In recent years, businesses have become increasingly interested in ethical business practices and corporate social responsibility (Haar, 2019). Becoming a living wage employer is one tangible way to demonstrate this social commitment. Proven benefits from such moves include reduced staff turnover and absenteeism, alongside productivity improvements, strengthened recruitment and organisational reputation (Coulson & Bonner, 2015; Luce, 2017). Haar (2019) found that organisational trust improved even if individual worker's salaries were not raised and that employees' attitudes and behaviours improved.

Priorities for action

The Public Health Association recommends that

1. Health sector employers obtain formal accreditation with LWA
2. The adoption of the living wage as a minimum requirement could be an effective contribution to alleviating inequities
3. Becoming a living wage employer is a tangible way to demonstrate social commitment to ethical business practices and corporate social responsibility
4. The Waitangi Tribunal (2019) WAI 2575 health sector report directed the Crown and the health sector to urgently address systemic ethnic health inequities. The adoption of the living wage as a minimum requirement could be an effective contribution to alleviating these inequities
5. DHBs are of strategic importance in terms of the living wage movement as they are major regional employers and often set the standard in regional employment

conditions. Uptake of the living wage by DHBs (or their replacements) could encourage other regional employers to match this minimum benchmark.

PHA actions to support this policy

The Public Health Association, including its branches, will:

1. Keep members informed of relevant research, key policy/legislative developments and consultations on the living wage movement
2. Influence local and central government policies on the living wage
3. Strengthen relationships with aligned advocacy groups
4. As capacity permits, advocate for local health providers to become living wage employers

References

- Bray, M., & Rasmussen, E. (2018, 2018/01/02). Developments in comparative employment relations in Australia and New Zealand: reflections on 'Accord and Discord'. *Labour & Industry: a journal of the social and economic relations of work*, 28(1), 31-47. <https://doi.org/10.1080/10301763.2018.1427421>
- Came, H., Badu, E., Ioane, J., Manson, L., & McCreanor, T. (2020). Ethnic pay (dis)parities in the public sector leadership from 2001-2016 in Aotearoa New Zealand. *International Journal of Critical Indigenous Studies*, 13(1), 70-85.
- Came, H., Douglas, J., Bain, L., & Berghan, G. (Under review). Good pay better health outcomes: The opportunity of the living wage for district health boards. *New Zealand Medical Journal*.
- Coulson, A., & Bonner, J. (2015). *Living wage employers: Evidence of UK business cases*. Living Wage Foundation.
- Douglas, J., Williamson, D., & Harris, C. (2020). Dirty deeds, done dirt cheap: Creating 'hospitable wages' through the Living Wage Movement [Article]. *Hospitality & Society*, 10(1), 3-22. https://doi.org/10.1386/hosp_00010_1
- Giroux, H. (2003). Spectacles of race and pedagogies of denial: Anti-black racist pedagogy under the reign of neoliberalism. *Communication Education*, 52(3/4), 191-211. <https://doi.org/10.1080/0363452032000156190>
- Haar, J. (2019, 10//). Living Wage Employer Status and Job Attitudes and Behaviours [Article]. *New Zealand Journal of Employment Relations*, 44(3), 45-57. <https://ezproxy.aut.ac.nz/login?url=https://search.ebscohost.com/login.aspx?direct=true&site=eds-live&db=anh&AN=144650680>
- Health and Disability System Review. (2020). *Health and Disability System Review – Final Report – Pūrongo Whakamutunga*. Author.

- Hosseinpoor, A. R., Stewart Williams, J.A., Itani, L., Chatterji, S. (2012). Socioeconomic inequality in domains of health: results from the World Health Surveys. *BMC Public Health*, 12(198). <http://dx.doi.org/10.1186/1471-2458-12-198>
- Kelsey, J. (1999, July). *New Zealand "experiment" a colossal failure*. Retrieved 2010, October 28 from <http://www.converge.org.nz/pma/apfail.htm>
- Landefeld, J. C., Burmaster, K. B., Rehkopf, D. H., Syme, S. L., Lahiff, M., Adler-Milstein, S., & Fernald, L. C. H. (2014). The association between a living wage and subjective social status and self-rated health: A quasi-experimental study in the Dominican Republic [Article]. *Social Science & Medicine*, 121, 91-97. <https://doi.org/10.1016/j.socscimed.2014.09.051>
- Living Wage Aotearoa. (2020). *Living wage*. Retrieved 6 February from <https://www.livingwage.org.nz/>
- Luce, S. (2017). Living wages: A US perspective. *Employee Relations*, 39(6), 863-874.
- Lynch, J., Smith, G., Harper, S., Hillemeir, M., Ross, N., Kaplan, G., & Wolfson, M. (2004). Is Income Inequality a Determinant of Population Health? Part 1. A Systematic Review. *The Milbank Quarterly*, 82(1), 5-99. <https://doi.org/https://doi.org/10.1111/j.0887-378X.2004.00302.x>
- Maloney, T., & Gilbertson, A. (2013). *A literature review on the effects of living wage policies*. Auckland Council. <http://ndhadeliver.natlib.govt.nz/content-aggregator/getIEs?system=ilsdb&id=1629908>
- McCreanor, T. (2009, August). *Challenging and countering anti-Maori discourse: Practices for decolonisation* New Zealand Psychological Society Conference, Palmerston North, New Zealand. <http://shore.ac.nz/projects/PsychologicalSocietyKeynote.pdf>
- Ministry of Business Innovation and Employment. (2020). *Māori in the labour market: June 2020 quarter (unadjusted)*. Ministry of Business Innovation and Employment. <https://www.mbie.govt.nz/dmsdocument/11844-maori-in-the-labour-market-june-2020-quarter-pdf>
- New Zealand Treasury. (2013). *Living wage information release*. New Zealand Government. Retrieved 6 Feb from <https://www.treasury.govt.nz/sites/default/files/2013-10/lw-2726820.pdf>
- Newman, A. (2014, 01/01/). Precarious work and a living wage in our communities [Journal Article]. *New Zealand Journal of Employment Relations*, 38(2), 64-69. <https://ezproxy.aut.ac.nz/login?url=https://search.ebscohost.com/login.aspx?direct=true&site=eds-live&db=edsibc&AN=edsibc.207525217508439>
- Rasmussen, E. J. (2009). *Employment relations in New Zealand*. Pearson.
- Statistics New Zealand. (2021). *Earnings from wage and salary jobs by sex, age groups, ethnic groups, and full-time and part-time status*. Retrieved 1 April from

<https://www.stats.govt.nz/information-releases/labour-market-statistics-income-june-2020-quarter>

Waitangi Tribunal. (2019). *Hauora report on stage one of the health services and outcomes inquiry*. Author.

Wilkinson, R. (1996). Income distribution and life expectancy. *British Medical Journal*, 304(6820), 165-168. <https://doi.org/10.1136/bmj.304.6820.165>

Developed: Nov 2021
Authors: Zoe Homfray, Julie Douglas, Heather Came, Leah Bain, Grant Berghan
Peer review: