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- [Ross] Right. Auckland greetings to all of us and all of you and especially to Alan, all the way from London. I think he's still living in London. I'm not sure, but England, anyway. And also I should acknowledge those, there's a live audience at the Highland Park Library streaming, so welcome to those as well, and to anyone else who's online. Introduce myself, I'm Ross Clow. I'm the chair of the Finance and Performance Committee and the Councillor for the Whau Ward, for those of you that don't know, the Whau Ward is essentially Avondale and New Lynn and Blockhouse Bay. Not a wealthy ward in itself with a fairly high transient population, as well, with a lot of people who aren't living, who aren't earning the living wage. So all those who are taking part on social media in the future, and now, obviously, you know hash AKLConversations. There will be a video available of this after the event, full transcript involved. And housekeeping, in the unlucky event of an emergency, there will be an alarm and you have to follow the ushers out. And you know the general drill on that. Can we please ask that people turn off their cell phones, please, just in case there's any issue there. Acknowledgements, we should always acknowledge the sponsors, which are crucial. That's what's allowed the Auckland Conversations to take place in the first place. And so we've got the partner sponsor, which is Resene, and then our programme sponsors, which is a list of worthy, worthy people, worthy entities, Brookfields Lawyers, Boffa Miskell Architectural Designers, New Zealand, New Zealand Institute of Architects, the New Zealand Planning Institute, New Zealand Green Building Council, and MRCagney. General introduction, what's the background to the living wage and what does the role that Auckland plays, the Auckland Council plays by adopting the living wage? It would be fair enough to say that the council is, which includes the mayor because he's one of 21, effectively. We did it because the majority of us thought that this was the right thing to do. We wanted to create better career paths at the Council. We wanted to improve the retention of staff because we've got turnover rates of about 25 percent of those below the living wage. If we could get that down to 15 percent, there's great savings. I need to say, if we can get retention to be at a better figure and reduce the turnover, our productivity improves at the same time. And, of course, that's just an overall decrease in turnover costs. And needless to say, it's a big issue in trying to improve the social equity outcomes. And the main ones here are obviously between ethnic groups, which are more than aware that certain ethnic groups are more greater representation and lower-paid work. And then, of course, we've got the male-female divide where, of the 2,200 employees that are below the living wage, two-thirds of them are female. So on that brief note, tonight you'll be hearing from the mayor, with a general introduction, and then Annie Newman from Living Wage Aotearoa. And then we've got Alan, Alan Freeman, who's come from England and retired now, but a past principal economist at the Greater London Council and established the living wage unit at the Greater London Council. I'd like to acknowledge Councillor Casey here and Councillor John Watson there. There we are. And I did see some local board members but I'm sure the mayor will acknowledge them, as well. Mayor Goff, he showed the leadership on this issue. And a number of councillors, obviously, signed up to the living wage pledge or commitment. But the mayor made it as a key plank in his platform and delivered. He then, at the Council, has led and galvanised the majority of councillors to get

behind it. And it would be fair enough to say, even those that didn't vote for it, we had good debates, not too much rancour. And I think it would be fair enough to say that those councillors who even didn't vote for it are more than aware of the pressures in Auckland that we're getting with housing costs, et cetera, et cetera. And you only need to look at the Herald today and in recent times, we're talking about teachers moving and trying to hold teachers here. Put it this way, they're getting paid more than those below the living wage. And they're facing incredible pressure. And the last thing I'll say before I bring the mayor up is the feedback from the Annual Plan was every single ward across the the Council, the majority of feedback was that they agreed with us, bringing in the living wage. So we feel as though we had a mandate there from, certainly, those that responded. But we felt as though that's a positive measure. So I'm going to introduce Mayor Goff. Welcome, Phil.

- [Phil] Oh, can't see a thing through the lights. Thank you very much, Ross, for your introduction. Thank you very much for being the chair of our Finance and Performance Committee and for the work that you put in to making sure that the living wage for Auckland Council employees could become a reality. You were really important in that process. Can I, first of all, welcome Alan Freeman, who's actually now living in Canada, I believe, despite his background working in England. But the real secret is, he's a Scot. And as Cathy Casey and John Watson know, great things come out of Scotland. And in this case, Alan, thank you for travelling halfway across the world to be with us. But thank you for the work that you have done. I did call you the father of the living wage and you said, no, it was the mayor. Now, to all our Council employees, that's a very good policy. Everything that you want to give credit for, blame it on the mayor. But I know that you worked really hard to achieve that and we are inspired by your example. And we very much welcome you to New Zealand here in the middle of winter, coming from sunny Canada in the middle of its summer. I would also like to acknowledge, there she is, Ann Newman, Annie Newman, and all of the Living Wage Aotearoa people because you are the people who have worked year after year to put this issue on the agenda and to make it happen. And I really want to thank you for that commitment. That is absolutely fantastic. I don't believe that we could have done it without the energy and the commitment and the determination that your movement showed to bring it to that point. I have already indirectly acknowledged the other councillors here, Cathy Casey and John Watson, both of whom voted for the living wage. Also, I'm not going to try and remember every member of the local boards that are here, but I know there's a big group of you and thank you very much for your support. Because I know that just about every local board worked hard for and endorsed the living wage. So at that level of democracy, you played a real role and encouraged your councillors to be supportive of the change that we made. Can I acknowledge all of the Auckland Council staff that are here tonight? But also to all of you in the audience, and those of you that are watching this online. June the 1st was really a defining moment, for me, anyway, on Council. It was when we passed our first budget. And there are a lot of things that you try to fit into the budget. And I guess one of the things that you have to be, when you're putting together a budget, is that you



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have to be fiscally responsible. You've got to make it add up. If it doesn't add up, you're not going to stay in your job very long and the Council is not going to survive as an entity. And we did make it add up. And we put a bit of pressure on one or two groups in the community. You might have noticed that the accommodation industry wasn't very flattering in its comments about me for saying, you guys are getting the benefit from our spending \$27 million on promoting the industry and you're upping your rights whenever we have the Lions Tour here or the Masters Games here, you can put your rates up by \$300 a night but apparently, if you've got to put \$4 to \$6 on the rate as, effectively, a targeted rate but a bed tax, that wasn't good enough. And they were a vested interest group that fought tooth and nail to try to defeat that. But we got that through. We did things that were good for the city. We know we've got a transport crisis. We know that we have a housing crisis. So we're working hard to overcome those things. But a city is more than something that is connected by roads and rail and hopefully light rail, and it's more than a collection of houses. It is a community. And one thing that we really wanted to do in this first budget, in this term of Council, was to make our city a more inclusive and a fairer city. Now the first thing that we did on that was to put something in the budget so that we could coordinate with the NGOs that are working to tackle our growing problem of homelessness in the city. And anyone that walks around this city at night feels the shame of seeing people in the middle of winter sleeping on the streets. So we've started that process of housing first, getting our rough sleepers into permanent housing and giving them the support they need to tackle the problems that they face. That's really important. But the reason for us gathering here tonight is that we voted by a clear and a very clear majority for a living wage for those directly employed by the Council. And that was something that we achieved that failed in the last term of Council. And everyone in this room, I believe, had a role that you played in helping us to achieve that. It is true, as Ross has pointed out, that when we did the consultation process in every ward of the city, a majority of people were in favour, and not just because of the 2,200 submissions, Annie, that you put in from Living Wage Aotearoa. We actually set those aside knowing that that represented really committed people, and still there was a very clear majority for a living wage and that was excellent. So why a living wage? Well, first of all, it's a matter of values. I grew up in a New Zealand where I believed that if you did a decent week's work, you got a decent week's wage. That's absolutely fundamental. The term "living wage" just makes so much sense, doesn't it? How can you have a wage that you can't live on? And as Ross pointed out, better-paid professionals, I was going to say really well paid, but that's not true. Better-paid professionals like teachers are struggling to survive in our city. What about the people that do the everyday work around the city that we rely on, as a city, but who are paid a minimum wage? How do they survive? How do they survive in a community where we are reducing the per capita number of social housing in a city that is one of the most expensive cities in the world to live in? So it is just basic to decent, human values that we should be paying people a wage that allows them to raise their family in dignity, to be able to meet the necessities of life, and to have an environment where their kids can grow up and share in the wealth of our city and achieve to their full potential. So the critical argument for the living wage was that it was the right thing to

do. It was the decent thing to do. And in terms of the ideology of New Zealanders, it was the fair thing to do. And that argument, I think, has succeeded with most people. But even for those that don't see or don't share those values, it makes sense, as a good employer, to pay your workforce a living wage. When I looked at the figures, the lowest-paid workers in Auckland Council have an attrition rate of 25 percent. It's twice as high as higher-paid workers in the Council. So it means that if we don't give people a wage they live on, they don't stay with us. And we have to keep re-training people. And we lose the benefit of skill and experience. It means that people are less motivated. They feel less loyalty to their employer if their employer is not giving them a wage that they can at least live on. And I think we will see direct benefits for Auckland Council and for all of our ratepayers by giving our workers the respect they deserve of being on a living wage. And we have extended that to all of our Council employees who are directly employed by Council but also by our Council-controlled organisations. And I know that there is a clear argument that it cannot stop there, that over time, we have to bring in the other people who are contracted to do work for Council and we will address that in due course. We can't change the living reality for everybody but we can change the reality for the people that we employ. And I hope that as, perhaps one of the biggest employers now that have accepted the living wage, that we can show leadership in our community and we can, by example, encourage others to follow in our path. The purpose of tonight is not to hear all that, but to hear from Alan Freeman and to hear from his experience, as one of the first people to set up a living wage unit in the Greater London Authority, in 2004, Alan. And that is something that was way ahead of us and that is something, your campaign succeeded in a way that now a Tory government in the United Kingdom wants to call its minimum wage a living wage because everybody has accepted your argument that everybody deserves a living wage. So that's a sign of your success. So thank you very much for making the effort to be with us tonight. But thank you very much, too, for dedicating your life to making a better living environment for so many of your fellow citizens, men and women in your community, and giving them a fair go, and giving them the chance to realise what all of us want for ourselves and our families. And once again, thank you to Annie Newman and to the living wage movement.

- [Ross] Thank you, Mayor Goff. Inspirational. Phil gives his apologies. He will have to leave in about half an hour for another event in preparation for tomorrow's meetings, which I have to do the same thing. He's just getting a head start. We formed a working group, it must be about a year ago now, which I chaired as the chair of finance. And we had representatives from PSA and also Annie, from Living Wage Aotearoa, and plus we had some staff members there. I will say it's been constructive. It was good. It was my role to be a little bit of a watchdog and keeping an eye on Annie for slipping things in because she was wanting us to be slipping in the payment full contract. So that, I'm afraid we just didn't have that mandate so we've had to fence that off. But there is an election in two and a half years' time and I doubt that Mayor Goff will be having to think about how he's going to deal with that thorny issue as part of his leadership. So anyway, Annie, you've been very good. I'd just like to introduce you to the audience and you can come



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up and say more about yourself and that movement, Living Wage Aotearoa.

- [Annie] Thank you and thank you very much, Ross. I want to begin with a quote. "Owning our own home is a dream for my family. "We are so lucky, as my in-laws are giving us "a roof over our heads at the moment. "But we don't want to live like that all our life. "We need our own space to raise our family. "But how can I afford a house that costs 300,000 or more "on \$15.75 an hour? "I can't save any money after I've paid all our bills." An Auckland cleaner, Malia, is one voice among many across the country calling for a living wage. Malia and thousands of others like her work up to 70 hours a week and still cannot live a basic, yet decent life. Across the community, leaders from faith groups, community groups, and unions share a common concern about growing poverty among working people in Aotearoa. In 2012, not so long ago, we decided to do something about it. And I want to welcome and thank all the people who are here from the Living Wage Movement Aotearoa, and I've seen many of you already. Thank you for being a relentless support for this call for justice for working people in New Zealand. We formed the living wage movement as one step towards reducing inequality in New Zealand, understanding that it's not everything, but it's an important and concrete way to make a difference. We've grown in four years to 87 member groups and 80 accredited living wage employers in that brief time. Now stepping up to model a fair employer practice are our wonderful Councils, Wellington and Auckland. Following the 2016 election under the leadership of Mayor Phil Goff, the living wage movement began a formal engagement that Ross just referred to with the Council about the possibility of a living wage here in Auckland. And with the recent vote on the annual plan, it is set to become a reality for over 2,000 directly paid workers across the Council group in the next couple of years. And I want to thank Ross and the rest of the councillors and the local board members who have all put their hands up and spoken about this and made a difference to making it happen. Because we have to do it together. We believe that this is the beginning of a council-wide shift to pay a living wage where the Council has the power to influence beta outcomes for the residents of the city, including those who are contracted as catering, as cleaning, as waste workers, or as security. But we didn't grow in a vacuum. We were inspired by the extraordinary organising of London's citizens, which brought together people from across the city around the need to earn enough money to survive and participate in that society. And while winning the vote, as we did on the Council, is a really important thing, as London discovered, it wasn't enough. It also has to be implemented. And that's where our guest, Alan Freeman, stepped up to the fray as a principal economist charged with establishing a living wage unit for London. And we are very honoured to welcome him here. And I'd like to welcome you up to the stage now, Alan, to take control of the podium and to discuss the experience that you have had in London. Thank you.

- [Alan] Can everybody hear me? I'm told I've got a microphone on me and that if I wander, you'll still be able to hear me. If that's not the case, just stick your hands up and say, get back to the podium where you belong. So this is a tremendously honoured experience I have because



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I've been a backroom boy, as you know, at the GLA, the Greater London Authority. But I carried on after I retired in 2010 because what had been a job became a mission, became a passion for all the reasons that the people who preceded me on this podium have so well explained. But for that reason, it's not you who should thank me, it's I who should thank you for the possibility, seven years later, to see the fruit of what we did on our tiny, little team in the GLA, 10,000 miles or whatever it is away from the country I once lived in, and another 10,000 from the country I now live in. I want to begin by thanking a whole series of people who are important. Thank you, Annie Newman. Thank you, Phil Goff. Thank you, Duncan Garner. Thank you, Mike Hoskins, for not interviewing me. I look forward to the chance to repeat the experience. But I'd love even more to really discuss with you. Thank you to the New Zealand Herald and to Lincoln Tan for the interview that was first published. And thank you, now, to Deborah Litman. Deborah Litman was my comrade in arms when the living wage was implemented. Most of the information that I used at the GLA came from Deborah. And I'm going to tell a few stories to start this discourse, one of which is the origin story of the living wage, which will show you how little I actually contributed, myself, and how much I simply drew inspiration from those who worked with me, one of whom is Deborah. I'm sure she's looking. Deborah, look what we've done. And she is now in Canada, where she is spearheading a movement for the living wage in British Columbia and we look forward to being able to celebrate with you the implementation of the living wage in Winnipeg where I and Radhika Desai now live. I'd like to thank my colleague, Leticia Berwitt Macai, who formed the original living wage movement with me, who did a huge amount of the research, including the very vital research which I would urge everybody in New Zealand to follow and to do into the real structure of household poverty in the countries and cities, in the country and in your cities, because it was that background information, that evidence base, that allowed us to produce policies that made sense and worked and balanced the budget. So that research was indispensable. So thank you to you, Leticia. I'm going to be speaking to what I said to Duncan Garner to win, win, win. Win for the people in poverty. Win for business and win for the public. And I want to go through each of those because it's important to understand that this is not a contest in which somebody loses. Everybody gains. I'm going to tell a couple of stories. The first is the origin story. The living wage in Britain began with a discussion in the church and in the faith groups who became concerned with the erosion of the family. And they wanted to know why families were disintegrating. They wanted to know why that was leading to homelessness, why it was leading to the formation of gangs, which is an issue that occupies you today, why that was leading to what they saw, from their standpoint, as an erosion of moral commitment. And so they thoroughly investigated by holding focus groups up and down Britain and asking people why is it that your family is not working? Or, what do you need to make sure your family works? And the single answer they got back from every single focus group was, I need to earn a high-enough wage to support my family and my kids and give them the respect, decency, the ability to go through education, the ability to retire that makes them citizens instead of simply instruments. That was the response they got. And they then got a grant from the Roundtree Foundation and there was an organisation set up in York University, so it was initially

nation-wide and then adopted in London, which asked, how much do you need to be paid? And the measure that they used was not the minimum wage measure, which is why one of the two or many reasons that one must distinguish the minimum from the living wage. They said, this is not something to be bargained about. This is what you need to be a citizen which is able to contribute to the community, beginning with your family in the ways that I've just described. So it was an objective measure. And we then, on the basis of what that unit in York did, calculated the living wage from four components: the cost of housing, the cost of transport, the cost of childcare, the cost of food. Added to that, we put the cost of education, the cost of a decent pension, and we even allowed them a pet. I believe in our first calculation, we gave them a pint of beer but we did not allow cigarettes, you'll be pleased to hear. So it was a wage calculated on what it costs to live. That then became the basis of the living wage. So the very first thing to understand is it began from moral values, and the moral values are those that, we are part of a families. We want our community to be able to support their families in respect and dignity. So respect and dignity were the watchwords. That's the first thing to say. The second is one of my favourite stories. The very first call I got from a member of the public, and calls were screened, so I don't know how she got through to me, was from the manager of the Oswald Copp- I've got it wrong. I can't remember the exact name, but the coffee company that works in the Borough Market underneath London Bridge Station. When I say underneath, it was underneath the railways. It's an organic food market that farmers come from all over Europe to sell. It has a Terence Conran restaurant. It's a place you go to be in contact with the suppliers of your food. And she wanted to be part of the environment of that market and she produced wonderful coffee. And she rang me up and said, I want to complain. I thought, oh my god. People who come to hear the Singing Grocer will get bad coffee because we're asking her to pay too much to her workers. And she says, the living wage is too low. Because I employ summer students and I want to make sure that after they've paid for their way through college with the wage that I give them, they will come back and work for me, because then I don't have to go on the open market and recruit and train people to produce wonderful coffee. Now I don't have to tell New Zealanders how important it is to produce wonderful coffee. And that was only possible on the basis of a wage significantly higher than we have set. So I said look, it's very simple. The living wage is voluntary. If you want to pay more, we're not going to stop you. All right? So I think the first message is, the living wage is just a start. And here we have an employer saying I needed to be able to pay the living wage in order to produce the quality that my customers expect and support my workers in such a way that their loyalty and commitment to me recognised in the respect I am showing them by paying that income, will bring them back to me so that we can continue that service on the basis of a long-term relationship throughout their university career. My third favourite experience is at the stock exchange. And one of the things you need to understand about the living wage is that it did not begin in London with the Council. It began with the employers that were identified by the citizens network, which was set up as a result of the inquiry I'd just described, as being classical low-wage employers, hospitality, security, hotel, and particularly the financial sector, also interestingly enough, for the amongst us, the university



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higher-education sector, which is one of the big culprits, and local employment, local Council employment. And they began with the financial sector. And one-quarter of all Londoners work in the financial or business sector, and many of them work in a place called Canary Wolf, which is a very big, new development that took place under Margaret Thatcher, skyscrapers and everything, and that was where a big section of the city of London migrated to after the big bang. And one of the huge buildings there was the bank which was championing ethical practises and attracted a big clientele on the basis of its ethical practises of not employing workers on the cheap in Latin America, of not buying arms, and all the rest of it. And they did something very simple of movement. They got a thousand people to stand outside that building one morning with placards simply saying, smile at your cleaners. That's all they did. Show them that you recognise they are people and that they are doing something for you and that you owe them, at the very least, the respect that one human gives to another when they recognise them as a person by smiling at them. Dignity, respect was at the centre of that. And the point was that very shortly after that, financial institutions, not all of them of course, began to become living wage employers. Why? Because if not, the next step after telling people to smile at their staff would be to publicise the fact that these ethical companies were paying shit wages to their cleaners. So there's a carrot and there's a stick. And the stick was very effective and in fact, one of the champions of the living wage movement that emerged from that was a company called KPMG that you may have heard of, that helped us do the very first efficiency gain study showing what the benefits to employers would be if they implemented the living wage. And that was an outcome long before it got to the GLA. So that they were targeting all the low-wage employers with a specific strategy for each employer and the Greater London Authority was only one. So they went to the mayor and they said that, we'd like you to implement it. And the mayor was quite sceptical because there are a lot of people, before you've tried something, who say we don't think it's gonna work. That included many members of the traditional labour movement and included, at that time, the trade unions who changed their minds, subsequently. So the very unorthodox origins of this campaign indicates what an innovative thing it was. Now, the second people I met was the stock exchange. And the stock exchange brought me in and they said, we want to implement the living wage. So I said, heavens, why? And they said, well, because we just had a party of Japanese business people through our doors, and they want to make a 30-billion-pound investment in infrastructure, which will include quoting themselves on the stock exchange and being able to build up the electronic environment and everything. And we want to make sure that when they come in, there's not a single cigarette butt on the floor. We want them to see a spotless environment. We want them to get first-class service in our canteen. And that means we must have employees who think that they owe us something, and who do owe us something because we want to pay them decently. So there's two employer stories of people who are saying, look, we need the living wage in order to perform our function in society. From the Montrose Coffee Company, I've remembered its name now. Go and visit it if you ever go to London. Go and hear the Singing Grocer. Go to the Terence Conran fresh fish restaurant and go and visit the Montrose Coffee Company and tell us whether it's better than what you produce

here. And then, that was the low-end employer, small business, and there was a big-end employer. So the third story I will tell, I will keep for later, which is about the cleaners, so if I forget, remind me. And I'm going to go on to the W-W-W, win, win, win. First of all, win for the people who receive the living wage. Why is it a win if you receive the living wage? Because everybody wants to do better for themselves. And they want to do better for themselves by doing better for those around them. Why do people have children if their only concern is to eat, live, and die? Because they think that it's possible for the world to be a better place and they think it's possible that even if they have struggled, somebody else, for which they have responsibility, can do better. So when you lift somebody out of poverty, you turn them into a user, into a producer, into a supplier, into a member of civilization. That's what you do when you respect people by paying them a decent wage. So everybody also has within them the potential to contribute far more than we allow them to contribute. I was spending today with the people at the Southern Initiative in South Auckland, and I learned some remarkable facts about the communities in that area, the contribution they are capable of making because of their different traditions, their creativity, their long history in the Pacific to the economy of New Zealand. And I think that with the employment situation there, it's astonishing that you have an economy in which there are profound skill shortages, where, if I understand rightly, people are travelling in to the airport from outside South Auckland, when with a little bit of community development, you could have a community that would be directly connected to the airport. So the potential that I saw of what people could contribute, if they were allowed to express the creativity which is in all of us, is something that you can unleash. And I think it's very important to see it as a good news story rather than as a problem story. This is an asset, the potential of our unemployed and low-paid people to contribute to our economies is part of what we have to do. So if you lift people out of poverty, not only do they make better of themselves, they realise the desire in all of us to contribute to the society as a whole by unleashing potential which they may not have realised they had, or they may have realised they had, but were not allowed to contribute. So poverty gets people out of a situation which is negative for them, but is also negative for us, and puts them in a position where it's positive for them and positive for us and positive for their communities and those around them. It's a win for business. A very important fact, when Henry Ford implemented the assembly line, he doubled wages and he trebled his profits. Why? Because of a little word we economists call efficiency gains. By paying his workers more, he got loyalty that meant they wanted to stay with him because they got twice as much from him as they would get from the other employers in the area. And eventually, that raised the whole floor of wages in that area. That meant that his profits rose because he had the skilled inputs from his employees that he needed to contribute to the new kind of jobs that he was creating. It also gave him the income to pay for the cars that he was producing, and so you have what professors call Fordism, a new way in which the consumption of what was being produced and the production of what was being produced were combined. We are now on the threshold of an industrial revolution as profound as that which Henry Ford witnessed. Some people call it the fourth industrial revolution. Some people call it the robotics revolution. And many people are worried



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about automation. Quite understandably, they see it as machines replacing humans. I see it as humans replacing machines. The machines are going to start doing the drudge work. You can already buy robotic little cleaners that buzz around, iRobots and so on, clean up your floor for you. They can start, I don't know, serving hamburgers or whatever. What's left for us? It's to do the good stuff. It's to do the stuff that people value because they can only get it from a human. So that human input, in terms of value production, is going to become more and more important. What is that going to require? It's going to require higher skills, but above all, it's going to require creativity. Because why buy from a human when you can get from a machine? Because you can see the stamp that that human has placed on what they've produced. It's beautiful. It's suited to your needs. They have respected you when you come through the door and seen, I can help this person in a way that no robot could because I understand what that person wants and I can talk to that person. And the factor of design is becoming a universal feature of our society. You don't buy a bathroom anymore. You buy a bath that is crafted and designed to suit your needs. In fact, the ceramics industry, many of my colleagues laughed when I discovered that this was becoming nearly a creative industry by the level of design input and the specifics. You go into a toilet showroom these days and you'll see more toilets than you'll use in your life. Why? Because people want a toilet which is theirs, which is different, which singles out their identity. Now, I'm sorry to bring it down to that level but I have to because I have to show design is no longer something for the high brow. It's no longer something for the elite. It's no longer, the culture is the begging bowl industry that goes to the government for money and gets it because they have lobbying power. It's unleashing what is in all of us. So the economy demands people that contribute value by virtue of being human, that means by virtue of being effective humans, that means by being creative and that creativity is what, in the creative industries in England but also in Canada and I am sure here, is the real motor of economic growth today. So we need to become smart. We need to have smart cities, smart countries, smart connections, smart networks, smart trade, smart everything. And the key to smart is money. And the key to the money is paying people to produce what the economy needs. So it's not merely looking back and saying people need respect because they're coming out of poverty. It's saying that potential for creativity is the key to economic success in the economy of the future. We have to unleash it. So that's the employers' side. What about the public? Well, what happens when you employ people and you respect them, is they actually help you produce better. If I had managed to talk to Mike Hoskins, which I'm so sorry I didn't, I would have said, do your kids go to the public recreation supplied by the Council? And would you like them to be looked after by a lifeguard who doesn't care whether you live or die? Would you like to go and send your kids to a library and have the librarian say, oh I'm tired. I've got to go home and feed the kids. I haven't got enough money. Or would you rather have a librarian which engages with their needs, which understands the distinct needs of the family, kids of each different type of family, who knows them by name? Would you rather have a human relationship with the people who are bringing your kids up or would you just see them as doing something that a robot can do better? Because if you do that, why not invest in a slot machine and a robot with a telescope to look



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over the pool, right? That's the question I would have asked. In other words, you want the public servants to produce value for the public and they will do that if they're respected. The respect you show them is to pay them decently. The benefits are completely measurable. Now, I've had some very interesting discussions which I think are very important, about the measure of what it is you get from public servants. And it's not easy to measure public value. And it's one of the arts or sciences that statistics needs to develop. The relation with our consumers that puts a value on humanity is not something you can always measure in money. But there are some things you can measure in money. The London Fund, which has been helping with the-- London Trust, beg your pardon, helping with the research into the effect of the living wage in London, has come out with a number which I want to check out, but it says that 25 percent reduction in the costs of staff hiring and maintenance. That's a big cost. It means less turnover. You can keep your employees for longer. Less absenteeism. Lower costs of recruitment. Higher quality of staff applying in the first place, so less sieving to do. Every aspect of employment costs is reduced. Second, your employees help you produce better because they will come up with suggestions for improving things. I used to work quite closely at the Greater London Authority with our cleaners and with our security guards, and noticed something very important: that the cleaners knew best how to make things work better. Because they saw us every day. So when, for example, we changed the collection schedule for the waste buckets, which was an important shift, they knew how to do that in such a way which doubled the productivity. Because you did half as much waste collection. They knew how to do that in such a way that it would not produce a revolt amongst the staff or evasion, so that it would work. They knew what the routines were to go around the complicated floors of the building that we had that would optimise their time. They knew how to optimise their shifts. And they knew in ways that other people could not do because they understood the family commitments of each person in their shift. They knew when that person needed to be at home or with their kids, and they knew how to organise the shifts so that everybody would contribute to the maximum. That knowledge, that tacit knowledge of your workforce is something that you can harness if you get into a relationship with that staff and they can tell you what it is you need to do to produce things better for your public. So the public gets value. So win, win, win. Out of poverty, better business, better value for the public. And that, I think, I hesitate to predict but I'm going to. One of the things you learn as an economist is never predict anything, especially the future. But I hope to come back here in five years' time and find that your costs are lower. I believe that will happen. It's counter-intuitive, that you pay more and your costs are lower, but why? Because you will reduce the costs that are wasteful costs. Included in that is something I forgot. If you do not pay, if the employers do not pay for the costs of keeping families together, because the welfare state has retreated, because housing is more expensive, because transport is more expensive, because health and education are becoming things you pay for instead of getting as a right. If the employers do not step in, the people who cannot afford to keep their families will become a cost. And that cost will show up in the cost of the policing. It will show up in costs of the prisons. It will show up in the cost of keeping people on life support who are fading out of existence in early stage in their lives because of the toxic

stress of continually living in abject poverty. It's a cost. You can't avoid it. And you will reduce that cost and I don't know who assumes that cost now, but you have to look at all the state and public agencies, not just the Council. And you need a relationship between the agencies at the different levels of government in order to show that that cost is properly accounted to. So two more things before I stop and listen to you, which I'm very anxious to do. Number one, I think the role of leadership is incredibly important. I don't think that the living wage is going to stop with the Council. Because the Council is the biggest employer. But one needs to work out a strategy working with the living wage movement to not only make that the 81st of the living wage employers, but to see who else can become part of that employers' living wage movement. Talk to the Chambers of Commerce. Talk to the big financial companies. Talk to the chambers that organise the suppliers. This is my last story. The third conversation I had with the Cleaners Federation, this is the Commercial Federation of Cleaners in London, told me, we want to pay our cleaners more but we cannot because the procurement policies we inherited from the past era were low-cost policies and the only criterion the Councils were allowed to operate was cost and so we could not give any benefit that would give us an edge in bidding for contracts simply by saying, we're doing better for our employers, our employees. So that turning around the contracting and procurement policy had the effect of creating a space, an ethical space in which employers willing to do that could survive. Now, one doesn't have to wait for the Council for that. It's something that can simply be done now. We can now start saying to employers, you could do better. Set up a Kite Mart. Use the Kite Mart, which I think already exists. And leadership is helpful because you can talk to people. You can talk to people in the city and say, employers, step up to the plate. And they will. That's the experience we had in London. So that aspect of public value, I nearly missed out, very important, but leadership. And the last point, this is a sort of plea of mine, being an economist, sorry for that, is research. This is an unparalleled opportunity for research and I think you'll benefit if you recognise the small, extra cost involved in doing that research. You see, many things affect poverty. The living wage is just one. It's only one of a package. It's not one size fits all any more than basic income. It has to be coordinated with all other policies such as housing, policing, community, development, and so on. But when you try, five years down the line, to see whether the situation of the families that we are hoping will benefit from this programme has improved or not, how will we know what was responsible for what happened to them? If housing goes up at the rate that it is going up now, I'll throw a little figure at you, thanks to Annie for the numbers, and if they're wrong, you know who to blame. The housing, if the minimum wage since 1974 had gone up as fast as house prices in New Zealand, the minimum wage would now be \$40 an hour. So that pressure is enormous and it will overwhelm the other pressures if it continues when you do the research, unless you do a proper before and after benchmarking so that you can separate the effects of all the different factors. So things like employee records, very difficult and very important because you have to negotiate confidentiality if you're going to be using information based on things like absenteeism or turnover or output or all the other indicators of employee performance. But if you have a before and after measure of employee performance, you have

an invaluable research tool which will allow you to say what caused whatever changes have happened. And I am sure that you'll find that the living wage had a profound effect on raising people and raising standards to the public and raising the incomes of businesses who have implemented it. You need the research to show it. So that's all. Thank you for listening to me. Thank you for speaking to me and I look forward to the rest of the conversation.

- [Ross] Thank you, Alan, that was very interesting. I'd like you to look at me as a warm and cuddly Duncan Garner and not a Mike Hoskins because it's rather ironic with Mr. Hoskins, how he's super critical of Council, of local councils and the wages they pay, especially at the higher level, but he really does not want the public to know what he gets paid. He thinks it's his personal opinion and he's worth every cent, needless to say. So we're here to take questions, so, we have microphones wandering. All right, we have someone here.

- [Audience Member] Alan, what practical steps can be taken to protect workers on a living wage and to promote a living wage beyond Council employees to make sure that when Council is outsourced to contractors and consultants, they're not having employees there that are basically modern slaves? The International Labour Organisation says that there is more slavery today than there has ever been in the history of the world, and that's what they call modern slavery now. It used to be called human trafficking but nobody understood that. And we have it, as you know from the Unseen UK Project in the UK, they uncovered a huge amount of slavery. And it's going on in New Zealand here, as well, where particularly migrant workers are having their passports taken off them and they're having their timesheets changed from 90 to 100 hours to 40 hours to make it look like they're earning a minimum wage. They're being charged huge rents and pay for their own food and things like that. So they're basically actually going into debt and being indentured labourers. So what practical steps did the Greater London Council take to make sure that, when the Council did outsource, they weren't using employers that had people in jobs that were basically slaves working alongside other people who were earning minimum or other wages?

- [Alan] Do you want that all at once? I can't speak as somebody who was responsible for policy on those issues, because I wasn't. And that's very important because, I'm not saying my past will follow me but I'm sure my colleagues will be watching this. I'm going to report as an observer, therefore, and I want to say two things. One, that we faced a problem in London of growth. We estimated that over the next 15 years after Ken became the first mayor of the Greater London Authority, the population would rise by an amount equal to the city of Leeds. And we faced the debate with the ecology movement about whether we might try and stop that movement in. And the judgement of the mayor, which I think was absolutely correct, is we cannot stop it. We do not have the power. What we must do is provide the infrastructure to the people who are coming in so that they can get decent housing. We laid the plans to build cross rail so that people could actually start to live outside the greenbelt, which is necessary, and get

into the city fast and benefit from the low housing you could get from living further without having two-hour commutes, which by the way, were by no means uncommon amongst my own colleagues, who were relatively well-paid workers. So we said, if you're going to get people who are coming in, you must make sure they have the infrastructure to support them. And if people are trafficking, there are two things you've got to do. One, you've got to say, stop trafficking. Build something for people. Now, I don't know what the definition of trafficking is because I think, as far as I can make out, there is a belief amongst some New Zealand employees that the population of New Zealand is not going to supply the skills that they need in order to build the, in order to fit the very big needs of employment in New Zealand. And that's fine. I think that the way to deal with that is for the New Zealand population to be brought up to the standard where it actually can contribute equally. But if people are coming in, the infrastructure must be built. I mean, just to give an off-the-cuff remark, I don't see why the airport should not be a housing constructor. Or you might require it to be a housing constructor. A lot of the things we did in London was to go to developers, to go to people who were offering employment and say, you have a social responsibility beside, in order that you can, we, the public providers of facilities can cope with the employees that you are bringing into our city. So that's part of the response. The second response relates to monitoring evasion, all that stuff. The critical thing was the links that we got through the citizens network, through the trade unions, through Deborah's work, with people working in the community. So that we were able to go to places where employees were frightened to reveal the circumstances they were living in. And asked them what is happening to you. I was also for one period, a union organiser. I used to have to conduct the meetings with our cleaners on the night shift in Spanish because they were all Columbian or Ecuadorian. And they did not speak enough English to be able to voice their concerns to the, even the union. So eventually, the GMBU provided an organiser who would go out and organise Latin American workers and we'd go into their communities and speak to them. We went and spoke to the faith communities, which was very important. For example, Polish workers coming into London mainly were organised through the church. Not only through the church, but that was a very important place to find fragmented communities. So community contact with the people is absolutely essential, to find out the real conditions of work. So people need to have a channel through which they can report evasion or bad practises openly. And the Council needs to, and I'm very pleased that Annie is part of, as I understand it, the consultative structure that has been created here so that you have an ear to what the public is saying or doing. And the third thing I would just say is very important. Every mayor of every major city that I know of wants an amnesty for illegal immigrants. Why? Because they know the contribution the immigrants make to the community. So that tells you something about the structure of our society, that immigrants are needed, that the population, itself, is needed, and what you have to do is create the places and the communications media for those people, media, means for those people to be able to work together with the public authorities for a better, safer working environment for all. So it's a long question, a long answer. I'm sure I only answered half of your concerns.

- [Ross] Further questions? Over there. Okay, that one there and we have one over there, later.

- [Audience Member] I've got a question about the contracts that people have who are on a living wage. If you take Auckland City, they have a number of people who are on a contract, which is a full-time contract that is between 20 and 40 hours a week. So some weeks they are only going to be paid for 20 hours. So in two years' time, because it is going to be two years' time before they get to a living wage and they'll obviously have to live till then somehow in this city. What did the London Authority do in a situation where these variable contracts that mean even when the dollar figure per hour suggests they're on a living wage, they aren't because some weeks are only going to get 20 hours' work?

- [Alan] This was a very important issue because most of, because of the distinct situation of the Greater London Authority, in which much of its work was subcontracted, the issue of whether people would bid for contracts and would be evading came up. And the answer was exactly the same. Talk to them. Talk to the employees of those companies and make sure that they know, and that the employers know, there is a channel of communication which they cannot control of their workers to an authority which is going to be responsible. Now, I want to be clear about this. We did not set out to say we're going to name and shame. The living wage is a policy that unites people, that shows that there are benefits for everybody and that demonstrates those benefits. So that when somebody comes and says, I am a living wage employer, this is a serious commitment and we say, we're going to help you make sure that that's implemented. There are 101 things that can happen in terms of employment practises with the best will in the world, that may not work in the way that you expect. Every employer knows that. So what we'll do is, and this is, in my opinion, one of the key functions of a modern union, is provide a channel of communication that allows managers to manage. Second point concerns outsourcing. I don't think that the situation in Auckland is the same as in London because with 10,000 employees, this is a huge organisation in its own right. So partly in response to the last question, I would say the issue is not subcontracting. The issue is that there are employers in this city who are not paying the living wage and should be. Don't wait for the Council. Don't wait for the Council. Go out and yourselves campaign. Identify who is likely to be won over to paying a living wage, where the low-paid sectors are, who are the people who are at risk, and start campaigning now. And I think that the Council's role at this point will probably be to assist in that, to set up frameworks that will allow that consultation to take place. So my sense is that the issue of subcontracting is something that should-- We didn't introduce any living wage for subcontractors in the first three years, even though it's policy from the get-go, is address that slowly, carefully, and gradually and build up your relation with the other employers first, independent of what the Council is doing. And that was a key element in the London wage campaign, living wage campaign. That's something for the HR department. That's something for the staff to work through. I don't think it's my place to comment on the employment practises of the Council. It's my place to assist the Council employees who, as far as I can see, are extremely committed to

the living wage, to make sure that they work all the problems through in liaison with the community and the living wage movement of the unions.

- [Ross] Before we take the question over here, just a supplementary as a follow-up. You indicated in your talk that the living wage movement in London especially seemed to target quite well-off, profitable banks, et cetera, almost white collar, profitable organisations as compared to industries like the supermarkets, which is there any comment on that? I mean, how was the success further down where there was a big group of people on lower wages?

- [Alan] Supermarkets were a problem in their own right because they're large employers of young people. So one of the first reactions we had to the living wage was the supermarket saying, we're giving a first step up the ladder for young people, 16 to 17 year olds, but we can't possibly afford to pay them a living wage. So the first step, we actually had an apprentice living wage, so called. I think that the real problem there was that you needed specific measures for youth, not that you needed a special living wage for youth. And actually, the apprentice wage and the second year of the living wage was quietly dropped, because the issue was not actually whether you paid youth a living wage, but whether you gave apprenticeship opportunities to youth, that was the real issue. Which highlights the point I made at the beginning. The living wage is only working, will only work as part of a package. You can't make the living wage do the work of everything that you want to get people out of poverty. And that's extremely important because if you expect that, it's not going to work, right? So the supermarkets were a specific issue. The other sources of low pay, cleaners. I did a big presentation to the Council which I hope will get onto the website where I identified all the possible sources of low pay: ethnicity, gender, disability, age, qualification, occupation, and employer. All of those count. And you have to develop a specific policy for each one of those sectors. That's what the living wage campaign did in London. That's why I think it was very effective. It decided, we are now going to go for the banks. And they went for the banks. And they then said, well I've got banks. Now we're going to go for the Council. And they went for the Council. Next after that, they went to the universities. And I remember when I'd left London that each time another university agreed to pay the living wage to its cleaners and security and janitorial staff, I would drink a virtual glass of champagne with Deborah Litman because that was another ivory tower that had crumbled. But each of those tactics were separate. For the universities the key thing was the alliance with the lecturers union. For the hospitality sector, it was completely different. It was division. For the cleaners, again, it was dialogue. So you have to look at the market structure. You have to look at the character of employment. You have to look at how, really, it's possible to change the climate. And it's a long, slow, painful, careful process. And there's no substitute. There's no quick fix, like the mayor must do it, is not going to work as a strategy.

- [Audience Member] Thank you very much. My question was around the impact that it has on the gender pay gap. You mentioned briefly that the, sorry, I just realised the mic wasn't close

enough to my mouth. My question was around the impact on the gender pay gap. And you mentioned anywhere around two-thirds of those who are on the lowest pay rates in Auckland Council directly employed are women and I know that adopting the living wage was identified as the biggest step the Council could make towards bridging its own gender pay gap. What have your observations been around the impact in London on the living wage raising income for women, in particular?

- [Alan] Well, the first issue that we had to address was that there was a gender pay gap. And so, when we set the level of the living wage, we had to take that into account. And that's very important. The second issue was that we had to look at family structure and we had to ask questions like who was the carer. The majority of families, the woman is the carer, but it isn't necessarily the case these days because there are employment opportunities nowadays that are only open to women. So that we have to interrogate that. And we worked with the childcare people in order to identify how childcare could help ensure that the family, as a unit, was capable of generating sufficient income for the whole family to keep the people, to meet the needs of that family. That was the way that we addressed it. Now, I have to stress, childcare was enormously important and it may be less important here. But what that meant was, people could come in to employment who, because they were burdened with carer responsibilities, couldn't not come in to employment at a crucial stage of their lives when career advancement was still possible. So that without accepting the gender stereotype that the carer will always be the woman, which we did not accept, we nevertheless looked at the role that childcare plays in the support of a family. And remember, the family-supporting wage is the underlying concept of the living wage. That's a very powerful answer to a very complicated question.

- [Audience Member] Recently, the care workers in rest homes and retirement villages have been given an equal opportunity for wage to the men who've been doing similar work. Now, this has not worked out quite the way we would expect. They have cut the workers' hours back but they expect them to do the same amount of work. And it hasn't gone right through the whole organisation. For instance, I have a friend who works in the kitchen for six hours a day. And I said, have your wages gone up? She said, no, it hasn't affected us at all. So I thought that it would be interesting. Probably a lot of people did not know that this is what's happened. They've actually charged the residents more money but they haven't passed on, or passed on very little of the extra money that they're getting. And they've cut back on quite a few things.

- [Alan] I don't think you're looking for an answer although I'm very happy to give one. But I find that extremely informative and useful to know. But were you looking for an answer? It's a piece of information-- This is a conversation, after all.

- [Audience Member] Thanks. As a one-time part-time economic student I find the wind behind is very interesting and clearly there's lots of research that's gone behind it. Why do people

choose not to believe the evidence? And how do you address that?

- [Alan] My god. What, you want to deal with fake news, orthodox economics, and stupid politicians all in one go. I have an answer. Blame the journalists. Sort out the intelligentsia and you'll solve half the problems of the world, in my opinion. Sorry, that's a very populist answer. No, I think there is a vested interest in untruth. That's my real answer to the question. And the vested interest in untruth comes from people who believe in an economic model that is not working. And the economic model that is not working is America's. I'm sorry, but that's what I think. And this has now been something, this is an economy which has been stagnant for the last 18 years, and is attempting to convince the rest of the world that it should adopt the American way of life. Well, it's time to start establishing our own way of life. That's my answer.

- [Ross] So without broadening the issues. Are there any further questions? Down here? Two, we have two here?

- [Audience Member] Just, I loved the comment that you made about, smile at your cleaners. I love the sheer simplicity and the humanness of that. It doesn't take research and it doesn't take money. And it's a powerful connector. And so I just wonder, if it's okay question. And perhaps it isn't. If you had to rate that in terms of effectiveness on a scale of one to 10, in terms of changing minds and opening minds and hearts, how would you rate that simple, little gesture, in terms of its power?

- [Alan] If it had come at the end of what the GLA has now achieved, I would rank it as one. Because it would be a substitute for the real measures that were necessary. Because it came at the beginning, it was the spark, I would rate it 10.

- [Audience Member] Thank you.

- [Audience Member] Thank you, Alan. One question I've got is, I guess the dispersal of the living wage, I'm interested in knowing, outside of London, what other parts of Britain have picked this up as a concept. But also, you did mention in terms of the university sector, that there had been a process of the living wage dispersing effectively through partnerships with the unions and the universities. So I'm interested in both. What's happening elsewhere in Britain? But also the process by which the idea has moved around and got into different sectors.

- [Alan] I'm going to answer that evasively. I've been away from England for, and Scotland. Scotland much longer, but England for seven years. So I don't know the answer to your question. I think it's time to gather up some of the scattered pieces and I would love to see some kind of partnership at the research level, at the connection level, at the coordination level that involves conversation between London, Canada, and New Zealand. I think that the problems

that I see in Canada are so similar to some of the problems that I see here, despite the vast difference in size. And the problems that the London, particularly, population faces have elements that are informative and can be informed by what's happening here that I think a dialogue between those three places would be immensely fruitful and I hope that one of the things that people set their minds to is how to achieve that. And then, we'll get your answer.

- [Ross] Time for one more, maybe two more questions. At the front here.

- [Audience Member] Hello, have you found any unusual cost benefits? Like at my work, we had the same cleaners and then a email went out and we're having new cleaners tonight. And the first thing people thought of was, our stuff's gonna get nicked. So we don't have cleaners for cleaning. We have them for security because a lot of the staff work long hours and they know the cleaners and they feel safe when the cleaners are there. So when the other cleaners came back, instantly security improved and people felt safe. So having a good cleaner and a continuous staff breeds other cost reductions. So have you noticed any other unusual sort of benefits for other staff in the building, not just the lower paid?

- [Alan] One of my experiences was, two experiences I had with the security staff. One was, I was at the door of the Greater London Authority and one of my favourite points of the story I didn't told was about the way that the wages of the security sector has changed in England. They've actually, in Britain, risen faster than any other low-paid sector. Because what's going on is the structure of the security person's job is changing. It's now an intelligence function. You used to be the person with the night stick and a bunch of keys. Now you have to be the front face of your organisation to the public. You have to make sure the public are greeted, that the building and the people are protected, the people are directed to the right place. You have to be knowledgeable. So there's been an enormous increase in the knowledge content of security staff. And in fact, I was talking to somebody earlier who has established a company in Auckland which is seeking to pay good wages with a career progression structure with an education structure, lifelong education embedded in what the security staff are doing. And I was very impressed with that and I'm actually going to talk to staff about the need to liaise with people who are doing that kind of thing. This is somebody who did that off his own back, without anybody coming along and lobbying him. So it illustrates the point I'm making that there are employers who understand the benefits of it. So one of our security staff addressed somebody who came to the door in a language I'd never heard. And I said, what did you just do there? He said, oh, I like to keep my Cantonese up. And he was an airline pilot, captain. He used to fly people over vast seas. And he, like many security staff, retired and then took a job as a security worker. And he had lived in five different countries in the world. And, as he said, he liked to keep his language up. And the other experience I had was one of the security staff was sitting upstairs doing a crossword. And he said, some clue that began with C, ended with R. Pirates of Penzance. What is this? And I said, well, it's a corsair. I said, oh god, I should have known. It's a

corsair. And I said, why should you have known? He said, I used to be a security attendant at an opera, and I used to know all the operas by heart because I'd listen. So the thing is, the potential that is in every person to become extraordinary is vast and we should never underestimate what people are capable of.

- [Ross] We've run out of time but we're going to take one more question because there's only one more hand up, so that's perfect.

- [Audience Member] Given all of the benefits that have been demonstrated by the adoption of the living wage, do you think it should be implemented as the minimum wage?

- [Alan] No, I don't. I think that the key thing about the living wage, which is also its limitation, it's not going to get you houses. It's not going to get you transport. You're going to have to go and lobby for houses if you want houses. You're going to have to lobby for transport if you want transport. It can't substitute for the fact that we haven't had a housing policy since 1974, with all the disastrous effects that that's had. It's not a substitute for that. It's a single, isolated measure which has a very important moral effect and also practical effect. So it should be judged by that criterion. I think the point about the living wage is that you must understand it affects a relatively small section of the population. Its effect is of leadership and morality and I can't, I now realise I've forgotten the original question. But that's the way I would judge it. What was the original question? Minimum wage. It's not the minimum wage because the minimum wage is compulsory. And you can't use a carrot where, you can't use a stick where the carrot is the instrument, in my opinion. So I think you need both. What it will do is help raise the minimum wage because the minimum wage is something that is subject to bargaining between employers and trade unions. I've actually, in my slide pack, got something that describes the remit of the low-pay commission which sets the minimum wage in England. And it's very clear. It must have, take into account employment effects, effects on costs of suppliers, a whole series of things which means that it's constantly going to be driven down in arguments with employers. The living wage says, here's what it really costs to live. Now, when you come to set the minimum wage, you look at that and that's part of your bargaining. That's part of your discussion. So one of the things that I think was a bit sneaky about what the conservative government, coalition government did in Britain was to badge the minimum wage as the living wage. I think it should have, if it had been honest, said, look, having seen the effect of the living wage, we now realise the minimum wage should be higher. But you need both. That would be my argument.

- [Ross] All right, thank you Alan. Just to wrap up, because I've got a timer ticking away here in front of me. Just so the next steps for Auckland Council, just really for information. What we're implementing starting in September this year is we'll be investing the first \$2.5 million and that is actually going to be on the path of continuing to lift the very lowest of the paid people in the Council, so effectively 95 percent of that 2.5 million will be purely on lifting the lower percentile



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and probably about five percent will be addressing any subsequent relativity issues. And then, the following September 17, we'll then move on continuing to lift the lower level again and the compression relativity issue may consume about 20 to 25 percent of the next tranche of \$2.5 million which means we're investing 5 million at that stage. And then on September 19, the final tranche of the 2.5 million which is, we're approximating, we're thinking it's going to cost 7 to 8 million, will be implemented. And that could be, 40 to 50 percent of that could be on relativity in order to keep everyone, to keep that career progression steps going there. So needless to say, and October 19 it's the next election, so I'm sure Annie and the team will be, the movement will be working hard to influence that. So in giving thanks, I do want to acknowledge Steven Town, our chief executive and the senior executive team. You might say, why would we do that? It's because over the last three years, we've actually given, effectively, I can't remember Councillor Casey and Watson may remember whether we actually passed a resolution but I think it was more direction where we said we really want to see the wages of the lower-paid go up as compared to the higher-paid people. So in the last three years under the present chief executive, he and his team, the human resources team, have ensured that effectively wages of the lower-paid have gone up by 2.5 as compared to one percent for all other staff. So there has been a 1.5 movement each year for the last three years where we've been trying to effectively deliver the same thing. And I think that should be acknowledged, as I say, of Steven and the senior team for bringing that through. So the mayor is gone but I'd like to acknowledge the mayor and thank him for his leadership on this issue through the election campaign. Needless to say, you can tell by the eagerness and fervour that he has that he will continue to champion this. Annie thank you and the team and thank you for the PSA delegates who are part of the group. And naturally I want to thank Alan. Very good, very informative. And we could give Alan a-- But these conversations, which were a fantastic thing, and I feel guilty that I didn't come to more of them. We have to thank the audience and the audience who are watching online, because without the audience we wouldn't be having the conversations. Thanks to the sponsors who I listed at the start. I won't go through them again. I'll just remind people that on Friday, the 22nd of September, the next Auckland Conversations is with Jennifer Casemat who is the chief planner for the city of Toronto. So we'll see you there. Thank you very much for attending.