

WHAT
SHE
MAKES

CAMPAIGN BRIEF

THE JOURNEY TO A LIVING WAGE



OXFAM
Aotearoa



CONTENTS

A living wage is a basic human right. However, the billion-dollar garment industry keeps the millions of women who make our clothes in poverty while fashion executives amass mountains of wealth. With the compounding impacts of the pandemic, climate change, and a global cost of living crisis, it is time to make sure that the women who make our clothes are able to meet their basic needs, escape poverty, and live dignified jobs.

The What She Makes campaign calls on clothing brands in New Zealand to pay a living wage to the garment workers in their supply chain. These companies have the power to make this happen, and they must. Secure jobs on a living wage must become the norm, not the exception.

This campaign brief gives a snapshot of how clothing brands participate in the systemic exploitation of garment workers, and what they can do about it. Brands have a responsibility to make sure the women who make their clothes earn enough, not only to survive day-to-day, but also to live with dignity. Kiwis can stand in solidarity with these women and help push these brands to do better.

Section	Page
Introduction	2
The situation	3
The women who make our clothes	4
Why are minimum wages not enough?	5
Exploitative system	6
The solution	8
What is a living wage?	9
Living wage benchmarks	10
How is it different from a minimum wage?	11
A living wage is a human right	12
Brands in New Zealand bear responsibility	13
The journey to a living wage	15
Selecting and tracking brands in New Zealand	17
Kiwis can make a difference	18





INTRODUCTION

The fashion industry may be vast and glamorous, but it is built on the backs of millions of women who live in poverty despite working extremely long hours. More than 100 billion new garments are made every year.¹ Of the 75 million garment workers around the world, only 2% of them earn a living wage.² Clothing brands in New Zealand participate in this systemic exploitation of workers, particularly women, by allowing poverty wages to be paid in their supplier factories. This means that millions of women who make clothes destined for New Zealand stores remain trapped in poverty no matter how hard they work. Clothing brands here in Aotearoa have a responsibility to ensure workers in their supply chain earn enough to live on: a living wage.

The women who make our clothes are paid meagre wages, live in dismal conditions, fall into spiraling debt, and cannot afford the healthcare and education they and their families need to thrive. They are paid less than half of what they need to live a decent life. Recent inflation rates – the highest we have seen in the past decade, 7.56% in Bangladesh and 7% in India – have made the situation even worse for these women.³ Despite their hard work, they are trapped in a cycle of poverty.

Big clothing brands have the power to help millions of women escape poverty. Clothing brands in New Zealand must commit to ensuring the women they make millions of dollars a year off of, are paid a living wage.





THE SITUATION



WHAT
SHE
MAKES



THE WOMEN WHO MAKE OUR CLOTHES

Women make up 80% of the garment industry's workforce and face high levels of discrimination and harassment. The gendered division of labour is clearly visible: women are disproportionately concentrated in the lowest-paid roles and rarely reach senior positions, while men hold higher-paid roles wielding more authority and power.

In the factory, the working conditions are terrible. Women work excessively long shifts and endure violence and harassment in their workplaces. Reports of fainting, feeling dizzy, and being unable to drink water to save time are common. A study conducted by ActionAid found that 80% of women garment workers in Bangladesh have either seen or directly experienced sexual violence or harassment in the factory.⁴

Workers feel pressure to volunteer to work overtime to supplement their low wages and try to meet the extremely tight deadlines. Some workers are working more than 16 hours a day or 96 hours a week.⁵ Overtime work stretches their paycheck a bit further, but it is still not enough to live with dignity. To add to a worker's struggle, overtime is often announced without notice, which makes arranging childcare impossible. Working long hours without breaks take a toll, with many women experiencing injuries and pain. When workers are injured or ill, most do not take sick leave because they feel they cannot risk missing a day's work.

The wages that these women earn make it hard to live a dignified life. They live in concrete apartments or tin and wood shacks which are crowded, rundown and leak when it rains. The homes share a water source and a cooking area, and many families share a single toilet. Many live in overcrowded conditions, often with whole families or several workers sharing a room. These women work hard for many hours in factories and still come home to miserable living conditions.





WHY ARE MINIMUM WAGES NOT ENOUGH?

In many countries, the minimum wage is set at a level that does not correspond with the cost of living. Countries often set minimum wages with other objectives in mind, such as international competitiveness and attracting foreign investments. To protect their competitive advantage, governments are keenly aware of the wage levels of competitor countries. The result is that minimum wages are not even close to living wages.

For example, the minimum wage in Bangladesh is just 60 cents per hour for the lowest-paid worker. That's \$5.23 a day. The last minimum wage increase in Bangladesh was in December 2018, taking the monthly wage from \$90 (5,300 Bangladeshi taka)⁶ up to \$136 (8000 taka), and this was the first increase since 2013. Throughout the five-year period between wage increases, the cost of living continued to rise while wages stagnated, and so that increase made very little difference in the lives of the women who make our clothes.

What's more, workers often take home less than the minimum wage, as their line managers illegally deduct wages as a penalty for failing to reach unrealistic production targets. In Bangladesh, 56% of workers reported that they regularly had their wages docked for mistakes, refusing to do overtime, or failing to meet impossible targets; and 43% reported that their working hours were inaccurately calculated.⁷ In Bangladesh, the minimum wage of \$5.23 per day, or \$136 per month, is not enough to live on. Living wage calculations show that they need at least \$361 per month to live decently and participate fully in society. The wage of \$136 per month is only about a third of what a family needs to survive. It is not surprising that more than 90% of women workers are unable to afford enough food for themselves and their families and they run out of money before the end of the month. Low wages mean families go to bed hungry each night.

A minuscule amount of the retail price we pay for our clothes goes to the women who make them. While labour costs vary, for most garments, wages for production scarcely exceed 3% to 4% of the final retail price that is paid for a product in a shop. This is about a dollar for a \$30 T-shirt.



"I cannot provide my son with a nutritious meal. We need to think twice before buying potatoes or vegetables. Some days we only eat rice with salt. "

SIMA, 35



EXPLOITATIVE SYSTEM

Many major fashion brands rely on exploitative business models that use cheap labour from poor countries. To secure work from international brands, governments race to the bottom on wages in an effort to attract foreign companies by suppressing wage levels and keeping them low. When companies prioritise maximising profits, the workforce pays the price. This is particularly true with fast fashion, in which high volumes of clothes are designed, manufactured, marketed and disposed of rapidly. This dominant business model in the fashion industry pits country against country, supplier against supplier. The result has been that in many countries, including the key garment-producing countries in Asia, the legal minimum wage is less than half of what people need to live.

Not only are minimum wages set too low, but many countries also fail to enforce their minimum wage policies properly. Women are more likely than men to be paid below the minimum wage, and illegal wage practices are widespread and well-documented. These unlawful actions can include withholding legal benefits like healthcare and maternity benefits and reducing take-home pay, among others.

In addition to wage theft, manufacturers in garment-producing countries often fervently lobby against attempts to increase the minimum wage or improve working conditions. These efforts are mainly driven by brands that threaten to take their business to another factory if they cannot meet unreasonable deadlines or if the factories cannot offer a low price. Manufacturers fear that a higher minimum wage will cause big global brands to relocate their orders to other nearby countries that could make their clothes more cheaply and maximise profit.



“They make us do overtime, 60-70 hours including overnight. When audit comes, our manager will warn us not to tell that we are doing excessive overtime at night, or they will cut our pay and abuse us with harsh words.”

CHAMELI, 30



EXPLOITATIVE SYSTEM

Like all global brands, the clothing companies in New Zealand source their clothes from factories that they do not own or directly control across multiple countries. Brands have the power and freedom to choose factories from low-cost and low-wage economies. In these markets, brands dictate prices, quantity and quality, with little consideration for the impact their decisions have on factories and their workers. Rather than seeking the cheapest factory to make their clothes, brands should instead enter into long-term commitments with suppliers with good working conditions and living wages.

Many brands stress a commitment to operating within the laws of the countries where they source garments. However, these countries have legal minimum wages that are far too low and often do not sufficiently enforce their own labour laws. As a result, “ethical sourcing” policies only commit to paying the low legal wages. Clothing brands committed to ethical sourcing must do more than commit to abiding by minimum wage laws: they must commit to a living wage.

With low wages, abusive working conditions and an unfair system that keeps women out of decision-making positions, the garment industry is not currently benefitting people in poorer countries. However, as the largest industrial employer of women, the garment sector has the potential to provide a decent life and financial independence to workers by ensuring safe working conditions and at least living wages – both basic human rights that everyone deserves .

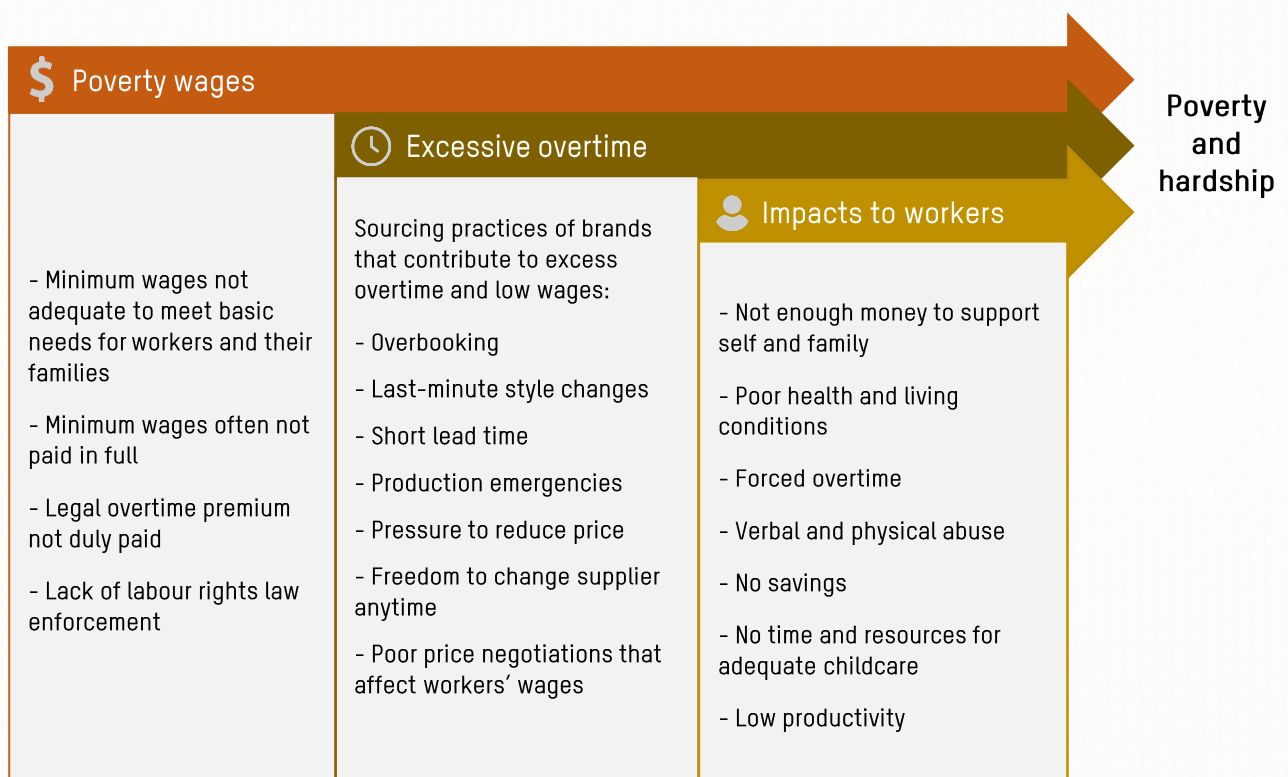


Figure 1: Causes and impacts of low wages and excessive overtime to garment workers



THE SOLUTION



**WHAT
SHE
MAKES**



WHAT IS A LIVING WAGE?

The solution to this exploitative system will come from paying a living wage. With the power they wield, brands must refuse to allow poverty wages to be paid to the women who make their clothes. Brands can, and must, ensure that these women are being paid enough to live a life of dignity.

A living wage is made up of three simple concepts:

1. It is the lowest wage paid to a full-time worker, and must cover a basic and dignified standard of living.
2. A living wage should be earned in a standard working week (no more than 48 hours)
3. A worker's wage should be sufficient to afford a decent standard of living for themselves and their family.

A decent standard of living includes being able to afford nutritious food, water, energy, decent housing, education, healthcare, childcare, clothing, transportation, and other essential needs. It also includes savings for unexpected events.

Paying a living wage is possible. Research shows that even if big brands passed the entire cost of paying a living wage on to consumers, it would increase the retail price of a piece of clothing by just 1%.⁷ That's just 30 cents extra for a \$30 T-shirt. Oxfam maintains that brands should change the way they do business and absorb any extra cost.

A LIVING WAGE FOR A WORKER AND THEIR FAMILY SHOULD PROVIDE:



FOOD



UTILITIES



HOUSING



HEALTHCARE



EDUCATION



CLOTHING



TRANSPORT



SAVINGS

Earned in no more than 48 hours a week.



LIVING WAGE BENCHMARKS

There are various ways to determine a living wage. Two key methods are the Asia Floor Wage and the Anker Methodology for Estimating a Living Wage. Both methods are credible, with the Asia Floor Wage usually resulting in a higher amount due to differences in detail, approach and calculation. Companies should work towards these levels of pay and might see moving towards a living wage calculated using the Anker Methodology as an achievable first step.

The Anker Methodology has been adopted by the Global Living Wage Coalition (GLWC). It uses country- or area-specific data and demographics to determine the calorie requirements, family size and earning members in a family. This method gives more accurate data based on specific regions and industries of work because it is calculated using costs from each region, particularly where it is being applied. The What She Makes campaign will use data from GLWC living wage figures where available.

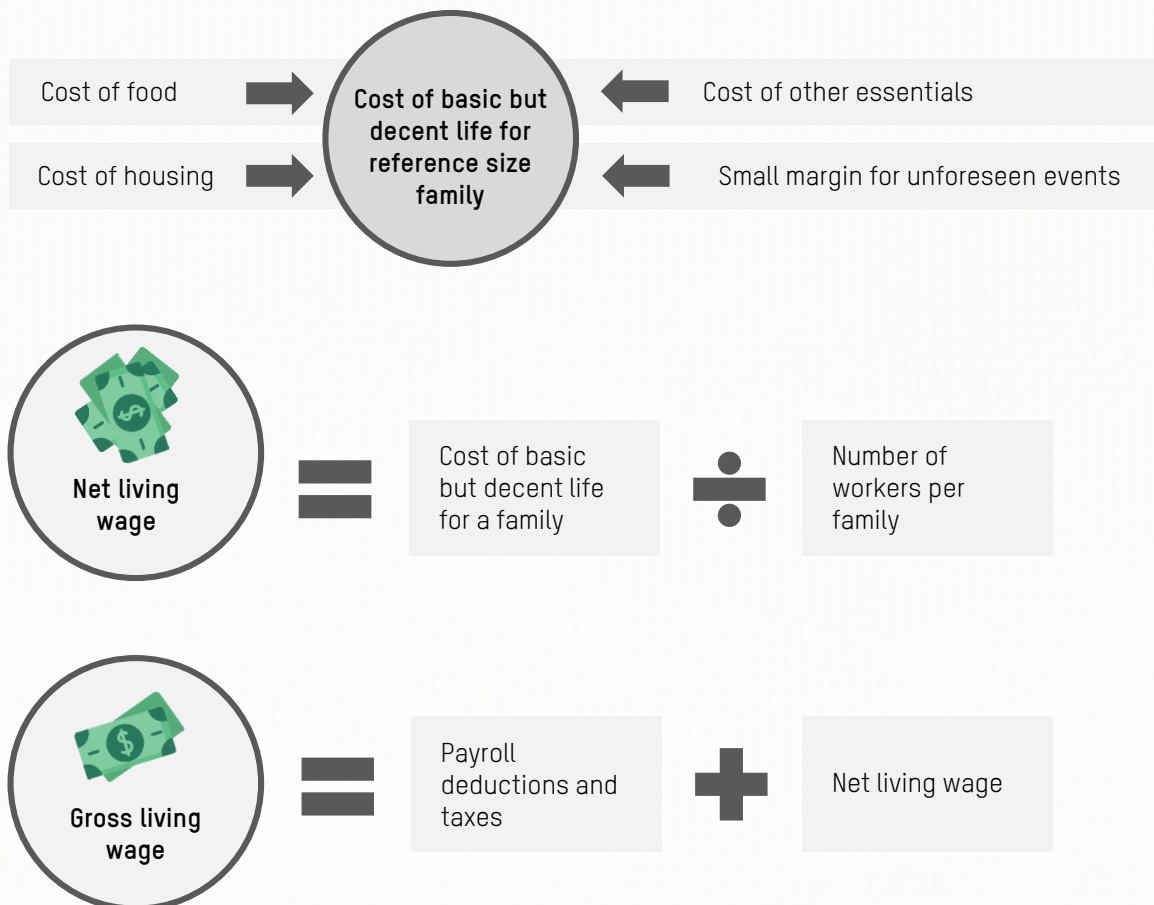


Figure 2: How a living wage is calculated, adopted from the Anker Methodology

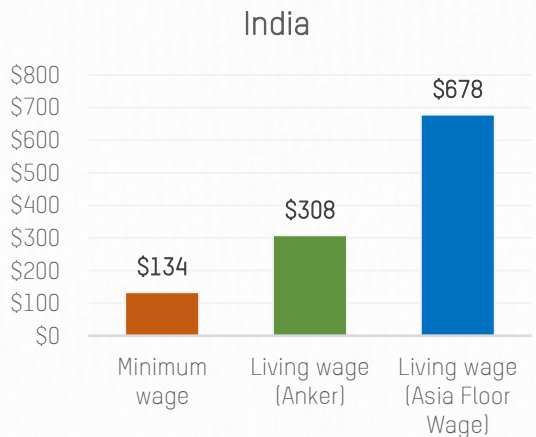
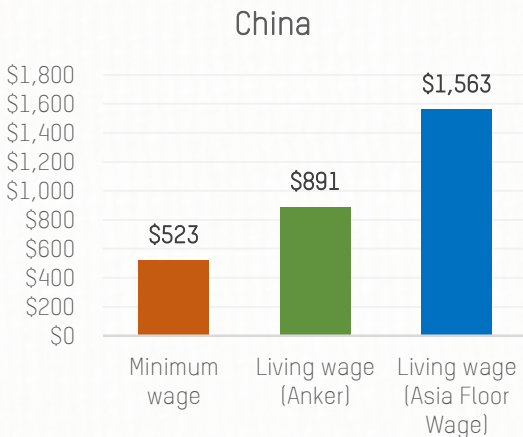
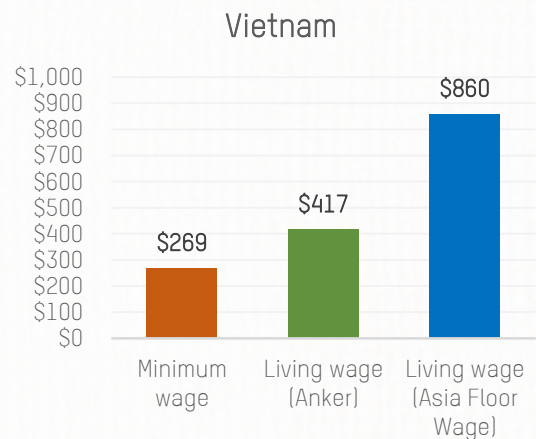
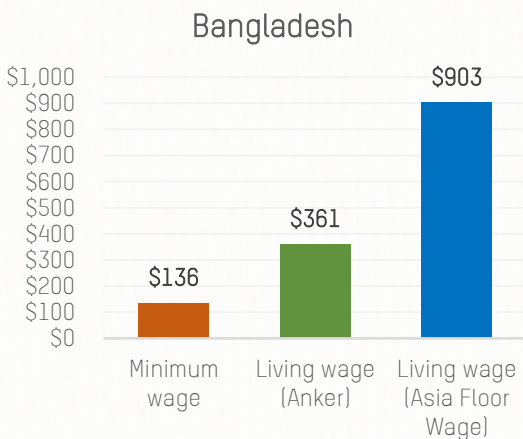


HOW IS IT DIFFERENT FROM A MINIMUM WAGE?

A living wage is not the same as a minimum wage. The minimum wage is defined as the minimum amount of remuneration that an employer is legally required to pay wage earners (workers) for the work performed during a given period, which cannot be reduced by a collective agreement or an individual contract. However, the minimum wage is often less than half of the living wage.

While minimum wage levels are set by governments, brands have the power to pay higher labour costs so that the people who make our clothes can live with dignity.

MONTHLY WAGE COMPARISON





A LIVING WAGE IS A HUMAN RIGHT

Being paid less than a living wage is a violation of an individual's human rights. As the Universal Declaration of Human Rights establishes (Article 23):

"Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection."

The UN Guiding Principles on Business and Human Rights go further, clearly stating businesses' role and responsibility in respecting the human right to fair wages. This corporate responsibility "exists independently of States' abilities and/or willingness to fulfil their own human rights obligations... And it exists over and above compliance with national laws and regulations protecting human rights."

All organisations—businesses, governments and non-government organisations (NGOs) like Oxfam—have the responsibility to ensure that their practices and policies do not infringe upon the human rights of any person.

There are clear obligations for businesses set out in international human rights frameworks. These obligations exist no matter the political context to ensure rights are being upheld, even in countries where governments are failing to do so. Any business that wants to move towards ethical supply chain practices needs to be aware of these core obligations. Importantly, one of these obligations is to ensure the payment of realistically liveable wages for workers.

Therefore, in places where the legal minimum wage fails to meet the minimum subsistence level (i.e. a living wage) for workers – businesses have an obligation to remedy state failures. Even if governments fail to pass minimum wage legislation at a rate that protects workers and ensures they can live with dignity, brands have a duty to ensure workers receive a living wage.

This means that a brand's primary responsibility is not to comply with the wage law in the nation they choose to source from but to ensure that the wages paid are enough to secure an existence worthy of human dignity for the worker.

Supply chain practices may seem far away or abstract or disconnected from our daily lives, but they affect the daily reality of millions of women who are trapped in poverty because of the systems that are in place.

Making a clear public commitment to transition the supply chain to the full payment of living wages will ensure businesses are meeting established global human rights obligations and standards.



BRANDS IN NEW ZEALAND BEAR RESPONSIBILITY

Clothing brands available in the New Zealand market bear the responsibility of paying a living wage to the women who make their clothes. No major clothing brand in New Zealand has publicly shown that all workers making their clothes are being paid a living wage. Brands' failure to ensure a living wage is paid throughout their supply chains means that millions of women who make clothes destined for New Zealand stores remain trapped in poverty no matter how hard they work. Multimillion-dollar fashion brands in New Zealand must use their power to end poverty.

Of all the products imported into New Zealand that might have been made through modern slavery (also known as a "risky good"), New Zealanders spent the most on clothes. Research has found that New Zealanders bought 141 million garments in 2019, amounting to \$1.3 billion or 40% of all risky goods imported into the country. Of these imported garments, 99% came from Bangladesh, China, India, Myanmar, and Vietnam where the garment industries are associated with forced labour, child labour, and countless other labour rights violations.⁸

Only a small portion of clothes sold in New Zealand are made in New Zealand. In general, these are often small businesses or brands creating clothes from New Zealand products such as merino wool, possum fur, or alpaca fur. While a brand may be marketed as made in New Zealand, this does not mean that every stage of production was completed onshore. For many brands, overseas production is necessary due to the lack of necessary equipment and fabrics in this country, a shortage of skilled labourers, and lower overall production costs.





BRANDS IN NEW ZEALAND BEAR RESPONSIBILITY

The clothing industry in New Zealand amounts to \$3 billion a year⁸, which means they have the economic power to change the system and stop the exploitation of workers. They can be part of lifting women out of poverty while still producing affordable, good quality products. Brands have the power and the responsibility to ensure that the workers who make their clothes can live decent lives and that their hard work is rewarded with the living wages they have rightfully earned.

We also know that Kiwis care about the women who make their clothes. A public opinion study commissioned by Oxfam Aotearoa in 2022 reveals that 73% of Kiwis are concerned about the wide disparity between the incomes of a fashion executive and a garment worker. Among a range of social or political issues where Kiwis will take action, earning a living wage is among the top 3 concerns.

Brands in New Zealand can afford to pay the women who make their clothes a living wage. During the pandemic, while 36% of garment workers in Bangladesh lost their jobs, clothing brands saw their revenues increase by 20-30%.⁹ There are no valid reasons why clothing brands shouldn't do everything they can to ensure that living wages are paid to the women who make their clothes.

Oxfam is calling on clothing brands in New Zealand to ensure the workers making their clothes are paid a living wage. This starts by making a credible, public commitment, and then by publishing a step-by-step plan outlining how and when this will be achieved.

73%

of Kiwis are concerned about the wide disparity between the incomes of a fashion executive and a garment worker





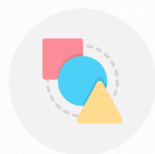
THE JOURNEY TO A LIVING WAGE

The primary goals of the What She Makes campaign focus on the long-term need for a living wage. Oxfam Aotearoa separated the Journey to a Living Wage into three steps, so it is easier for the brands to follow and tailor-fit their policies without skimping on the most important elements of how they can effectively pay a living wage to workers in their supply chain.

1. **Get the basics right**
2. **Create a plan**
3. **Pay a living wage.**

The progress of the brands will be tracked through the Brand Tracker on the What She Makes website. Oxfam is willing to help the brands in their journey to paying a living wage because we care about #WhatSheMakes.

Oxfam has a [Brand Guideline](#), available on the website and provided to all brands, which outlines in detail what brands have to do across the three steps of this journey.



STEP 1: GET THE BASICS RIGHT

To get the basics right, brands must:

- Make a credible, public commitment towards paying a living wage
- Be transparent and publicly disclose the factories they source from
- Publish a responsible purchasing practices policy that reduces downward pressure on wages and improves price negotiations, forecasting, lead times and changes to orders.
- Support supplier factories in establishing and implementing effective, independent grievance and remediation procedures
- Adopt positive and proactive freedom of association policy to ensure supplier factories respect the workers' rights to collective bargaining
- Adopt a positive and proactive gender and non-discrimination policy



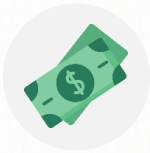
THE JOURNEY TO A LIVING WAGE



STEP 2: CREATE A PLAN

To ensure that the women who make our clothes are being paid a living wage, brands must:

- Separate labour costs during price negotiations
- Conduct a wage gap analysis
- Develop and publish a plan for implementing a living wage.



STEP 3: PAY A LIVING WAGE

Within four to six years of making the commitment, brands must pay a living wage at least in their tier one supply chain and ensure it goes directly to workers by establishing robust accountability and monitoring mechanisms.





SELECTING AND TRACKING BRANDS IN NEW ZEALAND

The What She Makes campaign tracks the actions of most popular brands being sold in Aotearoa New Zealand. We reached out to each brand individually to introduce the campaign and the Journey to a Living Wage.

The intention of this campaign is to get brands to pay the women who make their clothes a living wage. Since this can be a technical and complex process, Oxfam has offered to guide these brands throughout their journey. We want to create a race to the top by celebrating the companies that show leadership in this area and highlighting the gaps where brands need to improve.

Each brand's progress is tracked based on publicly-available information.

Visit our Brand Tracker to explore what some of the clothing brands in New Zealand are doing to create a fairer fashion industry: <https://www.oxfam.org.nz/what-she-makes-brand-tracker/>





KIWIS CAN MAKE A DIFFERENCE

There is no valid reason why brands shouldn't pay a living wage to the women in their supply chains. Brands make millions of dollars off the backs of the women who make their clothes. But these women continue to live in poverty. This isn't right.

Kiwis can stand in solidarity with the women who make our clothes and demand big brands pay a living wage. We can use our voices to demand that the brands we love do better. Brands care about what their customers think, they listen to us, so together, let's use our power to demand changes to how brands do business. They have all the power and resources to help these women escape poverty by doing what is right. Help us tell brands that we all deserve to live with dignity, especially the women they profit from and make millions off.

Endnotes:

¹ Thomas, D. (2019). Fashionopolis: The price of fast fashion and the future of clothes.

² The True Cost. (2019). State of the industry: Lowest wages to living wage. The Lowest Wage Challenge.

³ The annual inflation rate in Bangladesh climbed to 7.56 percent in June of 2022 from 7.42 percent in the previous month. It was the highest inflation rate since July of 2013, underpinned by soaring prices of both food items (8.37 percent vs 8.30 percent in May) and non-food items (6.33 percent vs 6.08 percent). Bangladesh Bureau of Statistics. (2022). Bangladesh inflation rate and consumer price index.

⁴ ActionAid UK. (2019). Garment workers at risk of sexual harassment – poll. Retrieved from <https://www.actionaid.org.uk/latest-news/garment-workers-risk-sexual-harassment-poll> on 11 August 2022.

⁵ Clean Clothes Campaign. Working hours and overtime: 96-hour workweeks

⁶ BDT = 0.017 NZD

⁷ Oxfam Australia. (2019). Made in Poverty: The true price of fashion

⁸ Emran & Kyriacou. (2017). "What She Makes: Power and Poverty in the Fashion Industry", Oxfam Australia, available at http://whatshemakes.oxfam.org.au/wp-content/uploads/2017/10/Living-Wage-Media-Report_WEB.pdf.

⁹ Risky Goods: New Zealand imports. Published by World Vision and Trade Aid as part of the Modern Slavery campaign which call on the Government to pass an appropriate legislation to increase transparency and accountability of New Zealand companies in their supply chain.

¹⁰ Revenue figures for 2021-2022. IBIS World. (2022). Clothing retailing in New Zealand industry report.

¹¹ IBIS World. (2022). Clothing retailing in New Zealand industry report and various company profiles.



**WHAT
SHE
MAKES**



OXFAM
Aotearoa