

WHAT
SHE
MAKES

THE JOURNEY TO A LIVING WAGE

Manaaki moana, manaaki whenua, manaaki tāngata, haere whakamua.

Care for the oceans, care for the land, care for the people, moving into the future.





INEQUALITY IN THE GARMENT INDUSTRY

Oxfam Aotearoa believes in a just, inclusive and sustainable world for everyone, now and for future generations.

Together with you, we challenge and transform the systems that drive injustice: climate breakdown, women's inequality, and unfair economies.

We recognise that change doesn't happen in a silo, so one of our strategic goals is to focus on corporate action. We believe that multinational corporations and New Zealand's private sector can build a human-centred economy, focusing on gender equality.

This is why we launched the What She Makes campaign, to call on clothing brands in Aotearoa New Zealand to pay a living wage to the women who make our clothes.

Inequality in the garment industry

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.

Of the 75 million garment workers around the world, only 2% of them earn a living wage¹. 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.

The women working in these factories, 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 women². Despite their incredibly hard work, they are trapped in a cycle of poverty.

Big clothing brands have a responsibility to ensure workers in their supply chain earn enough to live on – a living wage.





THE WOMEN WHO MAKE OUR CLOTHES

Women make up 80% of the garment industry's workforce and routinely face discrimination and harassment. Gender inequality in the industry 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 restricted from even drinking water to save time, are common.

Because wages are so low and deadlines are extremely tight, workers feel pressure to work overtime. Some work more than 16 hours a day or 96 hours a week³. Overtime work increases their paycheck a bit, but it is still not enough for them to live with dignity. Additionally, overtime is often announced without notice, which makes arranging childcare impossible. Working long hours without breaks takes a toll on these women. Many of them experience chronic injuries and pain, including urinary tract infections from not being able to take bathroom breaks. When workers are injured or ill, most do not take sick leave because they feel they cannot risk missing a day's work.

The meagre wages that these women earn make it hard for them 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. These women work hard for many hours in factories and still come home to miserable living conditions.

Minimum wages are 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 attracting foreign investments. The result is that minimum wages are not even close to living wages.

In Bangladesh, the minimum wage is equivalent to \$5.23 per day, or \$136 per month, and is not enough to live on. Living wage calculations show that people need at least \$361 per month to live decently and participate fully in society⁴. The average wage in Bangladesh is only about a third of what a family needs to survive. More than 90% of women workers are unable to afford enough food for themselves and their families and they run out of money before they get their next paycheck. Low wages mean families go to bed hungry each night.



Image: Fabeha Monir, Oxfam



CLOTHING BRANDS CONTRIBUTE TO THIS PROBLEM

Many major fashion brands rely on exploitative business models that use cheap labour from poor countries. Brands often threaten to take their business to another factory, or to another country, if the factories cannot offer a low price. This business practice in the fashion industry pits country against country and supplier against supplier.

When companies prioritise maximising profits, the workforce pays the price.

Like most global brands, the fashion companies in Aotearoa New Zealand do not own or directly control the factories that produce their clothing. Instead, these brands have the power to choose any factory they like, and tend to use factories from low-cost and low-wage economies. In these markets, brands dictate prices, with little consideration for the impact their decisions have on garment workers. Rather than seeking the cheapest factory to make their clothes, brands should instead enter into long-term commitments with suppliers that provide good working conditions and living wages.

Many brands spin this story by insisting that they are committed to “ethical sourcing” and are operating within the minimum wage laws of the countries where their garments are made. But, that’s not the whole story because these countries have legal minimum wages that are far too low. As a result, these so-called ethical policies only commit to paying the minimum wage decided by the country’s government, not the wage that is actually necessary to live decently. Clothing brands that are truly committed to ethical sourcing must do more than abide by minimum wage laws; they must commit to a living wage.





HOW CAN WE SOLVE THIS COMPLEX PROBLEM?

The solution to dismantling this exploitative system will come from paying a living wage.

Brands wield great power, and must use it to insist living wages are 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 a simple concept – the lowest wage paid to a full-time worker must cover a basic and dignified standard of living. It is the minimum all working people should be paid in order to escape poverty. A living wage should be earned in a standard working week (no more than 48 hours) and be sufficient to afford a decent standard of living for a worker and their family. A decent standard of living includes nutritious food, water, safe, warm housing, education, healthcare, childcare, clothing, transportation, and other essential needs. It also includes savings for unexpected events.

Being paid less than a living wage is a violation of an individual's human rights. The Universal Declaration of Human Rights establishes the payment of a living wage as a human right (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.”

This means that a brand's primary responsibility is not to merely comply with the wage laws in the nation they choose to source from, but to ensure that the workers who make their products are being paid enough to secure an existence worthy of human dignity.

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%⁵. That's just 10 cents extra for a \$10 T-shirt.

Despite the pandemic and cost of living crisis, clothing brands have seen their profits skyrocket. The What She Makes campaign insists that these brands can easily absorb the cost of paying a living wage rather than passing costs on to their customers.

Together, we can make clothing brands accountable, change the lives of the women who make our clothes and make sure they earn enough to live with dignity.





CORPORATE ENGAGEMENT

Oxfam is willing to help the brands in their journey to paying a living wage because we care about #WhatSheMakes. We have divided the Journey to a Living Wage into three steps, making it easier for the brands to adjust their policies without skimping on the most important elements of effectively paying a living wage to workers in their supply chain.

The companies' progress will be tracked through the Brand Tracker on the What She Makes website.

Ultimately, it is the women who make our clothes who will benefit if we can improve corporate behavior, policy and practices.



STEP 1: GET THE BASICS RIGHT

To get the basics right, brands must:

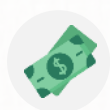
- a. Make a credible, public commitment towards paying a living wage
- b. Be transparent and publicly disclose the factories they source from
- c. Publish a responsible purchasing practices policy that reduces downward pressure on wages and improves price negotiations, forecasting, lead times and changes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



STEP 2: CREATE A PLAN

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

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



STEP 3: PAY A LIVING WAGE

After making the commitment, brands will have a limited time frame to begin paying a living wage at least in their tier one supply chain and ensuring it goes directly to workers by establishing robust accountability and monitoring mechanisms.



YOUR IMPACT

Together, we can continue to hold clothing brands in Aotearoa accountable and monitor their progress. This campaign includes several components and we won't be able to achieve all of these goals without your support.

The budget below shows the anticipated costs associated with delivering our campaign over 12 months.

1. A research project that explores the impacts of the cost of living crisis and pandemic on garment workers and in what way clothing companies in Aotearoa NZ compound these impacts a. Proposal development, data gathering and analysis, report writing b. Fieldwork, travel and logistics costs c. Professional services for consultants	\$80,000
2. Publicity and media stunts a. Inviting garment workers champions from Bangladesh, India or Sri Lanka to raise the issue of worker exploitation and poverty wages b. Boosts and media coverage	\$50,000
Total	\$130,000

We sincerely thank you for your consideration of support towards this campaign. We look forward to discussing any questions or enquiries arising from this proposal. Please don't hesitate to contact me.

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Endnotes:

1. The True Cost. (2019). State of the industry: Lowest wages to living wage. The Lowest Wage Challenge.
2. 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.
3. Clean Clothes Campaign. Working hours and overtime: 96-hour workweeks
4. Global Living Wage Coalition. (2022). Living Wage for Satellite Cities and Districts Surrounding Dhaka, Bangladesh. <https://www.globallivingwage.org/living-wage-benchmarks/urban-bangladesh-surrounding-dhaka/>
5. 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.