

26 May 2016

NZ Taxpayers Union
(Via email requests@taxpayers.org.nz)

To Whom It May Concern

Requests for information regarding the Wellington City Council's implementation of a Wellington Living Wage - IR#160657 and IR#160670.

I refer to your requests for information dated 29 January and 31 March 2016. Please accept my apology for the delay in responding to your requests.

You have asked a range of questions on the same subject so to avoid duplication, I am combining both sets of questions in this letter. These both relate to the decision by Wellington City Council to adopt a Living Wage for its contracted services.

1. Does WCC hold any analysis or reports on the impact of the Wellington Living Wage? If not, why not?

Please see the links to the relevant reports below – particularly appendix 3 for the 26 May 2015 which is the case study undertaken on the impacts of implementing a Living Wage to contractors.

2. Sickness and absentee rates prior and subsequent to the implementation of the Living Wage Policy.

This question is broad in scope and would potentially cover a number of different leave entitlements for employees e.g. sick leave, domestic leave and ACC leave. Can you please clarify your question further.

3. How many of the original Tenix- employed staff remain on the in-house Parking Enforcement Team?

The on-street Parking Wardens were not employed by Tenix Solutions but were employed by Parkwise, a subsidiary of Armour guard Security, who was sub-contracted by Tenix Solutions to deliver on-street parking enforcement.

13 ex Parkwise staff are now employed with Parking Services WCC

- 8 of these employees are on-street Parking Officers
- 2 of these employees are Senior on-Street Parking Officers
- 2 are on the base with communications
- 1 is the on-street Team Leader.

In addition to the above there is one former Tenix employee who is in the position of Senior Payments Officer. This role doesn't sit in the enforcement team.

4. “Copies of all reports received by the Chief Executive on the impact of paying the “living wage” since Wellington City Council’s implementation of the “living wage”

To assist your understanding, at the Council meeting 27 June 2013, elected members agreed in principle to become a Living Wage Council.

This was implemented in a phased roll out from 1 January 2014 onwards at a (then) hourly rate of \$18.40. This is also CPI adjusted annually for directly-employed staff as a WCC Living Wage approach.

The rate (Living Wage + CPI) has been imbedded into Council’s salary bands and staff can potentially increase their individual hourly rate above this figure, if they meet the relevant competency assessments for a role and through the annual performance review process.

At the Council’s GFP meeting 26 May 2015, it resolved to include funding of \$1million per annum in the draft 2015-25 Long-Term plan to support the continuation of lifting the wages of direct employees and the 100% owned Council Controlled Organisations as part of work force development.

The report outlines the impact of paying a living wage in *appendix 3* of the agenda.

Councillors resolved to instruct officers to consider on a case by case basis the value to Council in terms of improved quality and/or effectiveness of requiring service providers to implement a living wage to work undertaken for Council. I also advised of my intention to refer any specific contracting decisions involving living wage considerations to the Council for its decision.

Please see the relevant links to the agenda and the meeting minutes below:

<http://wellington.govt.nz/your-council/meetings/committees/governance-finance-and-planning/2015/05/26>

http://wellington.govt.nz/~media/your-council/meetings/committees/governance-finance-and-planning/2015/06/gfp_20150526_min_2851.pdf (11 (b) item 58 – Living Wage)

These resolutions were subsequently adopted by Council on 24 June 2015:

<http://wellington.govt.nz/~media/your-council/meetings/council/2015/06/20150624-confirmed-council-meeting-minutes.pdf>

The first contract for consideration by the Council was the Security Services contract. At the Council meeting 28 October 2015 the Council resolved to implement a living wage rate to the preferred security services contractor.

http://wellington.govt.nz/~media/your-council/meetings/council/2015/10/open-cou_20151028_agm_2863_at.pdf

http://wellington.govt.nz/~media/your-council/meetings/council/2015/10/cou_20151028_min_2863.pdf

As you are aware the Wellington Economic Chamber of Commerce (WECC) raised concerns regarding the lawfulness of the Council's decision under the Local Government Act 2002 and signalled it intended to take judicial review proceedings to determine if the decision was lawful.

As a consequence, as Chief Executive I instructed the Council's external legal advisors on 5 November 2015 to work directly with the Chamber's legal advisors to see if an agreement could be reached in order to prevent judicial review proceedings being filed against the Council. I also advised the Chamber I would not implement a Living Wage to the preferred security contractor until the outcome of a judicial review was known.

With proceedings imminent, I asked officers to provide me with advice on any impacts of implementing a Living Wage since its phased introduction in 2014.

This advice was for the purpose of informing me about the Council's legal liability and potential exposure given that judicial review proceedings were also intimated, and to determine if any work force living wage metrics identified any risks in the decision reached by the Council on 28 October 2015.

This was free and frank advice from senior officers provided to the Executive Leadership Team in December 2015. Subsequently the information was provided to the Council's legal advisors to inform them on the legal case that was pending with the Chamber.

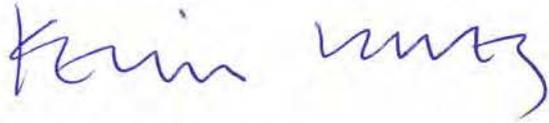
I have taken advice from officers and the Council considers it has good reason to withhold the advice provided to the Executive Leadership Team under s7(2) (f) of the Local Government Official Information and Meetings Act 1987. This is in order to maintain effective conduct of public affairs through the free and frank expression of advice and opinions between officers. And it is important that advice of this nature should be able to continue to be generated and provided in the future to ensure good governance and decision making by delegated officers.

At the Council meeting on 11 May 2016, the Council and Chamber reached an agreement, whereby the Chamber has undertaken not to commence judicial review proceedings subject to several ongoing conditions. This includes consulting with the Chamber on any proposal to extend the living wage to contractors beyond what was agreed, and if there is disagreement, that a declaratory judgement in the High Court will be sought.

Under s7(2) (g) the Council considers it has good grounds to withhold free and frank advice that is legally privileged information as this was information that was also provided to the Council's legal team for the purpose of preparing for judicial review proceedings and negotiations with the Chamber.

As you will be aware, if you disagree with this decision to refuse this information you can apply in writing to the Ombudsman to have this decision investigated and reviewed under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Yours sincerely

A handwritten signature in blue ink that reads "Kevin Lavery". The signature is written in a cursive style with a large, sweeping flourish at the end.

Kevin Lavery
CHIEF EXECUTIVE