

FREQUENTLY ASKED QUESTIONS

Q. What is a living wage?

A. A living wage is not a luxury but is a minimum that all working people should be paid if they are to escape abject poverty. A living wage should be earned in a standard work week (no more than 48 hours) by a worker and be sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, housing, healthcare, clothing, transportation, energy and water. It also includes some money which can be put aside for unexpected events.

Q. How is a living wage calculated?

A. There are various ways to estimate a living wage, but the two key methods are the Asia Floor Wage and the Anker Method. Both provide a clear pathway for businesses to move forward on higher wages. Both methods of calculating a living wage are credible, with the Asia Floor Wage usually higher due to differences in detail, approach and calculation. The difference between Asia Floor Wage and Anker is due to the difference in assumptions and mythology. For example, Asia Floor Wage is based on standard 3000 calories intake per day, family size of two adults and two children and one wage earner. On the other hand, Anker uses country or area specific data and demographics to determine the calorie requirements, family size and earning members in a family. Companies might see moving towards a living wage calculated using the Anker Method as an achievable first step.

Q. What is the difference between a minimum wage and a living wage?

A. Minimum wages are the legal, lowest wages allowed to be paid to workers, set by governments. Originally, setting minimum wages in law was meant to ensure that workers were always legally paid fairly for their work – with wages being enough for living healthily and in decent accommodation. In reality, governments have instead entered a 'race-to-the-bottom' on wages, trying to attract foreign companies by suppressing wage levels and keeping them low. The result has been that in many countries, including the key garment-producing countries of Asia, legal minimum wages are as low as a quarter of what people really need as a fair, living wage.

A living wage is one that includes a working week of no greater than 48 hours and includes enough money for decent and nutritious food, decent local housing and living conditions, enough for healthcare and educational costs, enough to cover any dependents, and allow some saving as well as discretionary spending.

Q. Why are you targeting these companies and not X company?

A. We selected the companies by examining their size and market share in Australia and looking at their target markets. We've started out by examining the biggest and most prominent brands in Australia – to encourage a 'race to the top' on wages for garment workers but we're open to adding more companies the future.

Q. Has Oxfam approached these companies?

A. Yes. We have also contacted all of the brands that we are monitoring about our recommendations and the need for them to commit to living wages now.

Q. But doesn't the Deloitte research show just three per cent of the cost of an item of clothing is going to brand profits?

A. According to Deloitte research average profit for retailers is three per cent and wholesalers is two per cent. And, the profit margin varies between 2 to 6 per cent based on sourcing county and product. The Australian clothing industry was worth \$27 billion in 2016, and is growing at four per cent each year, meaning that big brands' revenue is increasing year by year. Considering the booming business, retailers, wholesalers and manufactures have enough room to absorb the cost of paying a living wage. This is especially the case if brands also work to reduce their excessive overhead cost such as executive salaries, advertisement and transportation.

Q. Why has Oxfam focussed on the Bangladesh garment sector?

A. Everyone deserves a fair days' pay for a fair days' work.

Oxfam is focusing our work on countries where wages are the lowest – and people are working long hours, but remain trapped in poverty.

Bangladesh is the second-largest supply-country for clothing in Australia, providing just over 9% of garments sold here. Vietnam and Indonesia are also a focus for us, each making up about 3% of garments sold in Australia.

**WHAT SHE
MAKES**

FREQUENTLY ASKED QUESTIONS

Q. What does Oxfam's report find?

A. The women making clothes sold in Australia are being paid a tiny portion of the cost of the retail price of an item of clothing – they are being paid poverty wages which mean that no matter how hard they work, they cannot afford basics such as enough food and safe housing.

On average, just four per cent of the price of a piece of clothing sold in Australia goes to workers' wages in Asian garment factories. Deloitte estimates that even if big companies passed the entire cost of paying living wages to the workers on to consumers, this would increase the price of a piece of clothing sold in Australia by just one per cent. That is just 10 cents extra for a \$10 T-shirt. Paying a living wage would mean that instead of just four per cent on average going to the wages of the workers who make our clothes, brands would need to ensure five per cent of the retail price of an item of clothing goes to factory workers.

Q. What does Oxfam want?

A. Oxfam says with profits being made by factory owners, wholesalers and retailers in the fashion industry, it is more than possible for the cost of paying living wages to be absorbed in supply chains.

Oxfam is calling on the companies behind the leading and iconic Australian fashion brands to commit to paying a living wage to the workers making their clothes – and to publishing a step-by-step strategy outlining how and when this will be achieved. Brands have the power and the responsibility to ensure the workers who make their clothes can live decent lives and lift themselves out of poverty.

We are also calling for Australians to join us, and the women who make their clothes, and speak up, demanding better of the brands they know and love – to hold brands accountable and tell them they must pay living wages.

Q. What is the cost of living in Bangladesh – how do I know \$87 a month isn't enough to live on?

A. Living wage in Bangladesh has been calculated by Global Living Wage Coalition at at least \$248 per month. The existing monthly minimum wage is \$87- which is almost three times below the estimated living wage. The facts are that current minimum wages in Bangladesh leave garment workers living in slums and running out of food for themselves and their families. These wages force workers and families into debt. They see young women sleeping on concrete floors, because a mattress is seen as a luxury. All this while working six days a week, up to 12 hours a day. It is time for this to change.

Q. Will this campaign change conditions for garment workers?

A. Absolutely. If we can get even just one or two major fashion retailers to commit and begin working towards living wages in their supply chains, this will affect the lives of potentially millions of women and their families.

What we know is that right now, the women making our clothes often work up to 12 hours a day and then extra overtime, but they make as little as 39 cents (AU) an hour (this is the equivalent in AUD of the Bangladesh minimum wage). That means they don't have enough money for decent housing, food or healthcare – let alone any savings. We are working to change this.

Q. Do brands have control over what happens in factories – isn't this an issue controlled by local factories?

A. Brands are the buyers for the factories manufacturing clothing for them. Apparel supply chain is a buyers' market where buyers have the upper hand over the factories. Brands have options to change factories as there are no shortage of factories. In such a market dynamic, buyers hold strong influencing power over the supply chain. The buyer power is even stronger when they collaborate with each other and join multi-stakeholder initiatives. One such example is Bangladesh's Accord on Fire and Building Safety, where by joining forces brands could make the workplace relatively safer for the workers to prevent another disaster like Rana Plaza.

Q. What is fast fashion?

A. Fast fashion is described as "low cost clothing collections that mimic current fashion trends." These trends change incredibly fast, often causing new styles and trends to become obsolete in a matter of weeks. Fast fashion depends on advertising clothing as disposable, encouraging consumers to buy new styles constantly. This business model had added great pressure to the garment industry – and to workers – to produce cheap clothes at fast speeds, while adding to downward pressure on wages for the women who make our clothes.

**WHAT SHE
MAKES**

FREQUENTLY ASKED QUESTIONS

Q. Should we boycott the brands that fail to pay a living wage?

A. Oxfam does not advocate boycotts, as this may result in workers losing their jobs. The garment industry is an important part of the economies in many developing countries – and we want this to remain the case.

What we're asking for is that the jobs in those industries are fair and safe – and that people are paid a decent living wage for the work that they do. Consumers should use their power as customers to tell companies they care about the workers producing their clothing, and ask them to commit to paying a living wage.

We encourage consumers to think about how best to influence the brands they purchase, including taking into account the response of companies to requests to commit to a living wage

Q. Isn't it better that the women have a job – a low paying job is better than no job?

Globally, the apparel sector is among the largest employers of women workers. The sector holds great power and potential to impact the lives of millions of women in low-income countries and, by extension, their families and communities. Making sure that impact is positive is critical. It is impossible for women workers surviving on minimum wage to get out of poverty. They are forced to live in slums, away from their families, working 13 hours a day. No one has the right to take advantage of poverty by paying a poverty wage and violate basic human rights to live a decent life in the name of employment generation.

Q. Why would brands care what I think?

A. History shows that when Australians show they care about the conditions in garment factories around the world, brands listen.

After the tragic Rana Plaza factory building in Bangladesh collapsed in 2013, Australian consumers demanded that companies act. In response, almost all of the largest garment retailers in Australia joined the ground-breaking Bangladesh Fire and Building Safety Accord.

Q. Why are you only focussing on women – what about men working in the garment industry?

A. The garment industry does and has historically employed a significant number of women. Today, more than 70% of garment workers in China are women, in Bangladesh the share is 80%, and in Cambodia as high as 90%. Women represent the majority of low-skilled, low-wage workers. Women garment workers are a highly vulnerable group: young, poor, sometimes illiterate, and often single women in a society where they face entrenched gender inequality and it is difficult to enforce their rights. Women garment workers

have few support systems in place in the slums in which they live and at the factories. While both men and women are affected by these challenges, women workers tend to be more vulnerable to these risks than men.

Q. Why have we chosen living wages over safety and health?

A. All human rights are equally important: no one should have to work in an unsafe workplace or put their health at risk to earn money; and everyone has the right to fair pay for a fair days' work. This campaign helps to complete the picture. Focussing on Living Wages is a crucial step towards protecting and empowering workers.

Q. Are there any examples of companies that have moved to living wages and say that it hasn't impacted their bottom line?

A. Seventeen brands – including Australian Company Kmart, Target alongside Next, Pentland, C&A, H&M, Inditex and New Look have entered into a partnership with IndustriALL (Global Union representing garment and textile workers) to achieve living wages for workers through industry-wide collective bargaining linked to purchasing practices. This is the first global framework on living wages in the garment sector that brings together all relevant stakeholders; identifying what each stakeholder's role and responsibility is, and how, if taken together, this can support living wages in a scaled up, sustainable, industry-wide approach. These are positive steps, however, much more needs to be done and faster by brands to ensure that workers are paid living wages.

Q. How is a living wage calculated and what are the Asian Floor Wage and Anker models, which has Oxfam adopted and why?

A. Oxfam supports both the Anker method for calculating a living wage and the Asia Floor Wage method. They both have different strengths. The Asia Floor Wage is good because it sets a wage level across Asia – and calculates that wage across currencies. This method gives us one 'floor', right across Asia, under which no worker should fall. That removes the 'race to the bottom' on wages that we have seen across the region. The Anker method is more complex, however it does give more accurate data based on specific regions and industries of work, because it is calculated using costs from each region specifically where it is being applied.

Whichever method companies use – there are some basic fundamentals that everyone agrees on. A living wage must be paid using a working week of no greater than 48 hours, it must include enough money for decent and nutritious food, decent local housing and living conditions, enough for healthcare and educational costs, enough to cover any dependents, and allow some saving as well as discretionary spending.

**WHAT SHE
MAKES**