

# THE FAIR PAYMENT PROCESS

(a super-short version of a very long story...)

**WFTO**  
WORKING TOGETHER FOR A FAIRER WORLD



# What is “FAIR”?

Fairness is the dignity of being  
seen and heard, and having a  
chance to make a contribution.

*Seth Godin 2018*



For workers' rights. For better business. For 20 years.

## Living wages: 8 steps to help companies make the leap of faith

1. Admit something is wrong
2. Vision from the top
3. Patience to change the rules of the game
4. Collaborate to ring-fence labour costs
5. Help workers work smarter, not harder
6. Better buying practices
7. Signal your willingness to pay fair prices
8. Respect collective bargaining



# 4 FAIR PAYMENT



LOCAL LIVING WAGE



FAIR WAGE



FAIR PRICE



**Piece Workers**

**Home Workers**

**Workers**



Producers  
Wholesalers  
Retailers

**Handicrafts**  
**Producers**

**Living Income**

NGO's Urban Rural Artisans Farmers  
Profit with a Purpose Producers

**Every member calculates their own Local Living Wage**

**Every member's situation is unique...**

**Even in the same city suburb member's circumstances may be very different...**





LOCAL LIVING WAGE

FAIR WAGE

FAIR PRICE

FAIR PAYMENT

CAPE HERB & SPICE



6000



CAPE MENTAL HEALTH



5000

FAIR PAYMENT

FAIR PRICE

FAIR WAGE

LOCAL LIVING WAGE

# HOW do we START?

#1

# Calculate a LOCAL LIVING WAGE based on a basic food basket

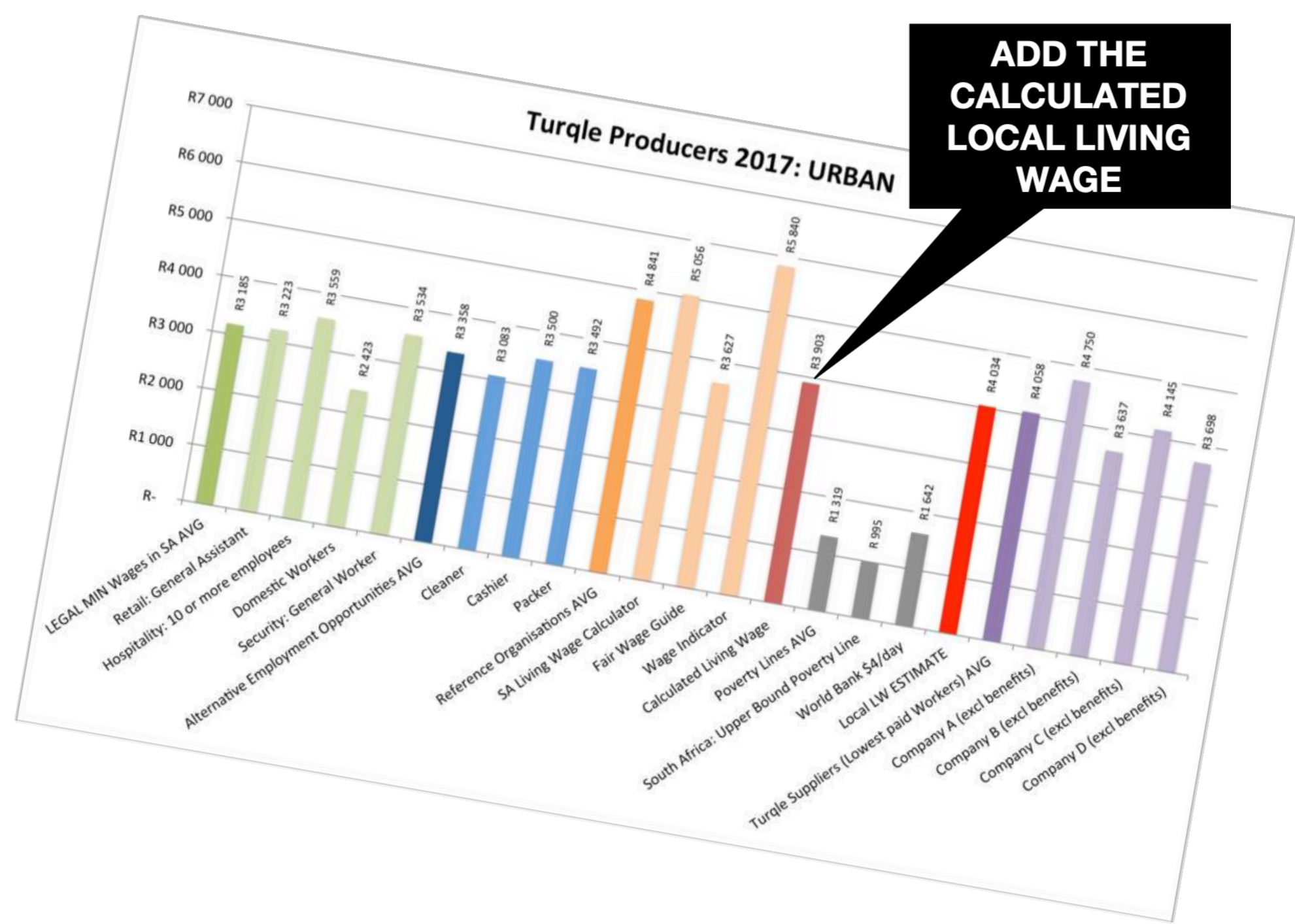
**Table 2. Healthy diet for an average family member (1 person, 1 day)**

Food item	Weight in grams	Caloric value kcal / gram	Calories		Price per kg. Local Currency	Costs per adult Local Currency
			kcal	%		
<b>Cereals and starches</b>						
Total % calories from Cereals and starches (aim: between 55% and 75%):			0%			
<b>Proteine-rich foods (include at least 1 dairy product)</b>						
Total % calories from Proteine-rich foods (aim: at least 10%):			0%			
<b>Vegetables and fruits</b>						
At least 300g:	0	Total % calories from Vegetables & Fruits (any % is OK):		0%		
<b>Oils &amp; fats</b>						
Total % calories from Oils & Fats (aim: between 15% and 30%):			0%			
<b>Sugar</b>						
This diet has a total kcal value of:		3,64				
This diet converted to:		0				
		2,200				
		...	and costs:			
		...	will cost:			
		...	Adding 13% for diet variety:			

• Local currency  
• Local currency  
• Local currency

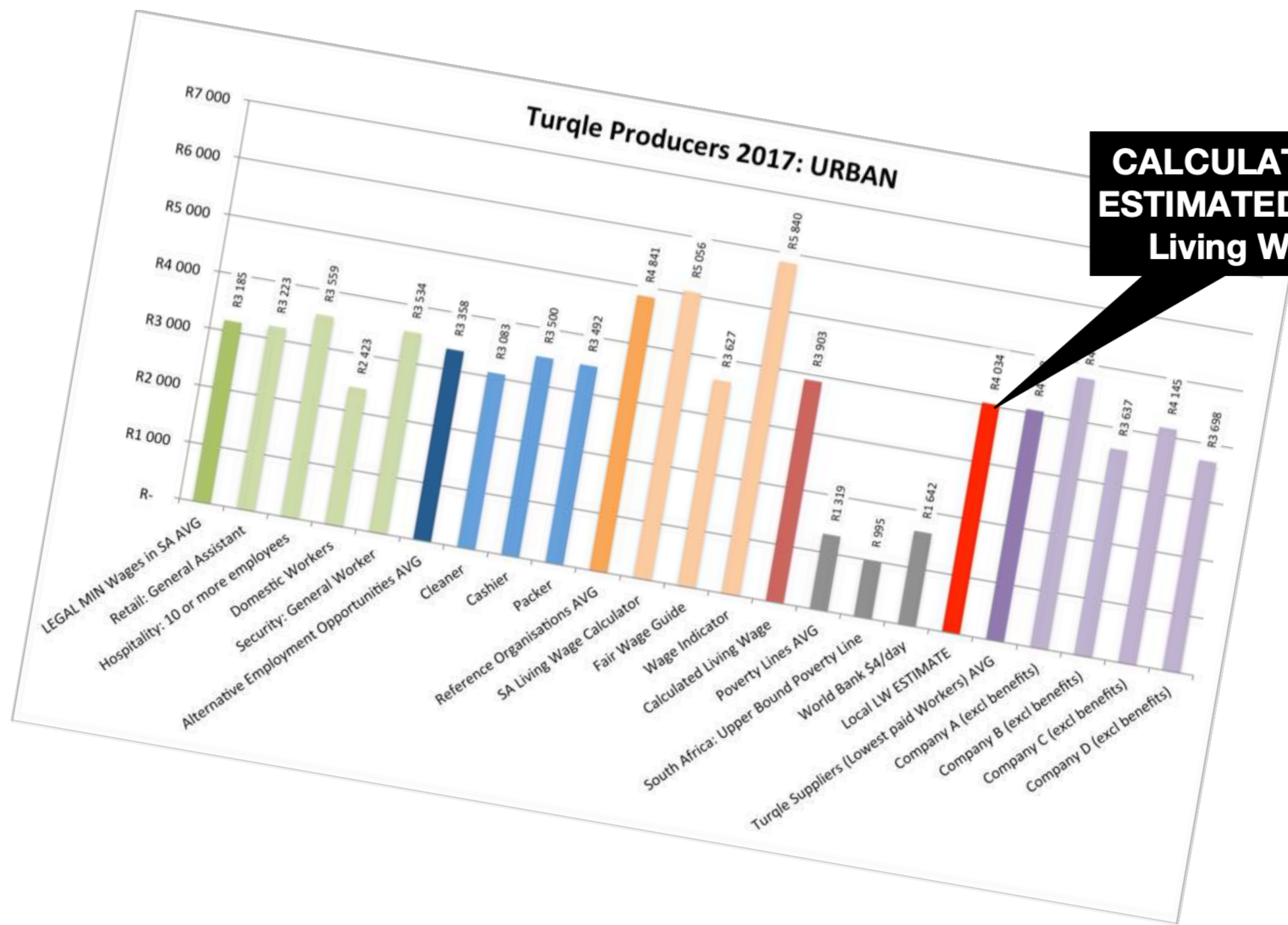
# Build a LOCAL LIVING WAGE with information about local wages...

# #2



**ADD THE CALCULATED LOCAL LIVING WAGE**

#3



**CALCULATE** the **ESTIMATED** Local Living Wage

The **ESTIMATED LOCAL LIVING** goes to the workers' committee to confirm th

LOCAL LIVING WAGE

FAIR WAGE

FAIR PRICE

FAIR PAYMENT

# INTERNAL NEGOTIATION FOR FAIR WAGES

## WHO TALKS?

Worker's Committees, Trade Unions and Management

#4

## WHAT DO THEY TALK ABOUT?

Current wage levels compared to Estimated Local Living Wage

What is the gap?

What can be done to fill the gap?

How long will it take?

# EXTERNAL NEGOTIATION FOR FAIR PRICES

## WHO TALKS?

Producers' management and buyers

## WHAT DO THEY TALK ABOUT?

A fair price - impact of paying the Local Living Wage compared to the current wage levels

What is the gap?

What can be done to fill the gap?

How long will it take?

**LOCAL CONTEXT NOTES**  
Add to help buyers understand local conditions.

# PROOF AND PROOF OF P

## PROOF - THE NUMBERS AND THE TIMELINES...

Members create credible, properly calculated numbers to prove their Local Living Wage claims

## PROOF OF PROCESS - RECORDS OF MEETINGS AND SCHEDULES

Members have properly recorded notes of meetings and negotiations show progress

## PROOF and PROOF OF PROCESS is recorded in each members' SELF ASSESSMENT REPORT

(SAR) that is checked through the PEER REVIEW and by the AUDITORS



“Raising producers’ wages to the point we will kill our own industry”



# CASE STUDY



**Traditional Curry Sauce Company**

	People on Payroll	Monthly salaries per category
<b>Owners/CEO</b>	<b>Total</b>	<b>53</b>
Office/Support HR Manager	2	\$ 9 000,00
Office/Support HR Support	1	\$ 5 600,00
Office/Support Accountant	2	\$ 3 200,00
Office/Support Accounting Support	1	\$ 6 400,00
Office/Support Reception	2	\$ 2 400,00
Office/Support Cleaning	1	\$ 800,00
Office/Support Security	1	\$ 400,00
Sales & Mkt Manager	1	\$ 400,00
Sales & Mkt Account Execs	1	\$ 4 800,00
Warehouse Manager	2	\$ 3 200,00
Warehouse Supervisor	1	\$ 4 000,00
Warehouse Packing		

Traditional Curry Sauce Company		People on Payroll	Monthly salaries per category	Payroll Impact
<b>Total</b>		53		\$ 109 900,00
Owners/CEO		2	\$ 9 000,00	\$ 18 000,00
Office/Support	Accountant	1	\$ 6 400,00	\$ 6 400,00
Office/Support	HR Manager	1	\$ 5 600,00	\$ 5 600,00
Sales & Mkt	Manager	1	\$ 4 800,00	\$ 4 800,00
Warehouse	Manager	1	\$ 4 800,00	\$ 4 800,00
Factory	Manager	1	\$ 4 800,00	\$ 4 800,00
Office/Support	HR Support	2	\$ 3 200,00	\$ 6 400,00
Sales & Mkt	Account Execs	2	\$ 3 200,00	\$ 6 400,00
Warehouse	Supervisor	2	\$ 3 200,00	\$ 6 400,00
Factory	Supervisor	3	\$ 3 200,00	\$ 9 600,00
Factory	QC	1	\$ 3 200,00	\$ 3 200,00
Office/Support	Accounting Support	2	\$ 2 400,00	\$ 4 800,00
Factory	Receiving	2	\$ 1 600,00	\$ 3 200,00
Warehouse	Drivers	2	\$ 1 200,00	\$ 2 400,00
Factory	Mixing & Processing	6	\$ 1 200,00	\$ 7 200,00
Office/Support	Reception	1	\$ 800,00	\$ 800,00
Warehouse	Packing	6	\$ 800,00	\$ 4 800,00
Warehouse	Reception	1	\$ 800,00	\$ 800,00
Factory	Prep & Packing	6	\$ 800,00	\$ 4 800,00
Warehouse	Security	1	\$ 600,00	\$ 600,00
Factory	Security	2	\$ 600,00	\$ 1 200,00
Warehouse	Cleaning	1	\$ 500,00	\$ 500,00
Office/Support	Cleaning	1	\$ 400,00	\$ 400,00
Office/Support	Security	1	\$ 400,00	\$ 400,00
Factory	Cleaning	4	\$ 400,00	\$ 1 600,00
<b>Estimated Local Living Wage</b>			<b>\$ 650,00</b>	

Calculate the ESTIMATED LOCAL LIVING WAGE

Sort the payroll list highest to lowest

Highlight the wages that are BELOW the Estimated Local Living Wage

**Impact of raising lowest paid workers to Estimated Local Living Wage**

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Factory	Mixing & Processing	6	\$ 1 200,00	\$ 7 200,00
Office/Support	Reception	1	\$ 800,00	\$ 800,00
Warehouse	Packing	6	\$ 800,00	\$ 4 800,00
Warehouse	Reception	1	\$ 800,00	\$ 800,00
Factory	Prep & Packing	6	\$ 800,00	\$ 4 800,00
Warehouse	Security	1	\$ 650,00	\$ 650,00
Factory	Security	2	\$ 650,00	\$ 1 300,00
Warehouse	Cleaning	1	\$ 650,00	\$ 650,00
Office/Support	Cleaning	1	\$ 650,00	\$ 650,00
Office/Support	Security	1	\$ 650,00	\$ 650,00
Factory	Cleaning	4	\$ 650,00	\$ 2 600,00
<b>Estimated Local Living Wage</b>			<b>\$ 650,00</b>	

**We do not have  
to be perfect  
right away...**

**1 OPPORTUNITIES FOR  
DISADVANTAGED  
PRODUCERS**



**2 TRANSPARENCY &  
ACCOUNTABILITY**



**3 FAIR TRADE  
PRACTICES**



**4 FAIR PAYMENT**



**The SUPER-POWER-PRINCIPLES  
that make WFTO Fair Trade  
more than trade...**

FAIR PAYMENT

FAIR PRICE

FAIR WAGE

LOCAL LIVING WA



THANK YOU :-)

