



Employment Standards Legislation Bill Transport and Industrial Relations Committee

The Salvation Army New Zealand Fiji and Tonga Territory Submission

BACKGROUND

1. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide-range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
2. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society through God in Christ by the Holy Spirit's power¹.
3. This submission has been prepared by the Social Policy and Parliamentary Unit of The Salvation Army. This Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand.
4. This submission has been approved by Commissioner Robert Donaldson of The Salvation Army's New Zealand, Fiji and Tonga Territory.

¹ <http://www.salvationarmy.org.nz/our-community/mission/>

THE SALVATION ARMY PERSPECTIVE

5. The Salvation Army supports this Bill in principle and its attempt to improve the rights and protections for workers and working parents, including the extension of paid parental leave and the greater protections for workers on “zero hours contracts.”
6. However, The Salvation Army submits that this Bill needs to be part of broader reform that seeks to better support *all* parents, including vulnerable families on the margins of our society.
7. The Salvation Army believes that zero hours contracts are inherently unjust and ultimately should be discontinued. This Bill goes some way towards improving protections for workers subject to such arrangements but does not make them impossible for employers to utilise.
8. The Salvation Army further submits that these changes cannot take place without an assessment of significant practical implications on current restrictive government contracts and funding structures for service providers. In its current form, this Bill would have **significant** practical negative implications on some of our services and the staff that rely on such contracts for their funding and jobs. A more nuanced assessment of the structure and culture of Government contracts that fund particular services urgently needs to take place for any reforms to be meaningful and practical.

SPECIFIC RESPONSES TO AMENDMENT

Amendments to Parental Leave and Employment Protection Act 1987

9. ***The Salvation Army supports the proposed six month test that allows employees who have worked for six months for the same employer to take a total of 26 weeks of parental leave.***
10. Currently eligible employees that have worked for six months for the same employer are only entitled to 16 weeks of maternity leave, but not extended leave.
11. The six month test better captures more mothers who have been attached to the labour market but may have become pregnant after recently switching jobs. The test encourages and moves New Zealand towards the recommended World Health Organisation six month minimum of breast feeding for optimal health of new-borns. It also enables more parents to spend more time with their child in the first six months following birth.
12. ***However, The Salvation Army submits that overall, paid parental leave continues to only capture middle-class New Zealanders and not vulnerable families***
13. The Salvation Army has consistently engaged with the Government on poverty in New Zealand. Whilst we support further paid parental leave under this Bill, we believe that current legislative reform perpetuates wider inequality by only supporting some parents. Paid parental leave, as attached to employment, inherently excludes many individuals and families not in work, who are disqualified from receiving payments.
14. The children of these families are already at risk from facing worse health, educational and social outcomes. As the first three years of life are a child's most vulnerable, we believe that there should be a greater focus on all families, particularly the increasing number of the families that we work with in New Zealand who are struggling to provide basic necessities such as a warm home and healthy food. Children of beneficiary families should not be inherently discriminated against.
15. The Salvation Army recommends that the Government urgently consider in future reforms a universal payment to all mothers in the first six months following birth. Examples of universal payments are the "baby bonus" payments in Australia. These payments seem to better capture new families on the margins. They are *in addition* to job protection legislation. Through this combination, most core jobs are protected, and, with the exception of very-high-income families, there is a payment for all new parents. This provides support to parents who most need it, including those on the margins of the labour force. There is also the option of "conditional" parental leave payments, where instead of attaching employment history to paid parental leave, it is attached to criteria such as meeting health checks, immunisation, and breastfeeding exclusively for six months.
16. ***The Salvation Army recommends that the Government should urgently consider a universal payment for all mothers in the six months following birth.***

Amendments to Employment Relations Act 2000

Clause 87: Zero hours contracts

17. ***The Salvation Army supports in principle the greater protections that reduce the practice of zero hours contracts.***
18. The Employment Relations Act recognises the inherent inequality of power in employment relationships and the practice of zero hours contracts perpetuates this power imbalance.
19. Zero hours contracts create the illusion of work without any compensation and security. Families do not know from week to week whether they will be able to provide basic necessities, and are less eligible for any state welfare support as they are not technically unemployed.
20. The Salvation Army supports in principle the improvement of protections for employees on zero hours contracts, but believes that ultimately such an inequitable practice should be banned. The Bill inherently validates such a practice by only making some changes rather than robustly banning the practice completely.

Pragmatic implications

21. ***The Salvation Army further submits that these changes cannot take place without an assessment of significant practical implications on government contracts and funding structures for service providers***
22. The Salvation Army recognises that zero hours contracts provisions in this bill aim to address industries where it is possible to provide minimum hours.
23. However, in some industries, such as home based care and community services, services are often *provided* by Non Governmental Organisations (NGOs) but *funded and governed* by central and local government contracts (eg: MoH, ACC and DHBs). Under these contracts, staff hours and payments are linked entirely to hours of service delivered to clients. These 'fee-for-service' contracts have effectively "tied the hands" of many service organisations in the way that they structure their services and employment.
24. In its current form, this Bill would have **significant** practical negative implications on homecare services operated by NGOs as these services and staff rely on such contracts for their funding. The funding model of Government forces provider organisations to adopt a zero hours employment contract model as the only way to be able to deliver this homecare support.
25. The Salvation Army HomeCare service is dependent on payment of the service hour, and the service changes frequently, depending on the client's need, or a change in client. The industry, and funding contract is structured in this way. Our HomeCare service would be

required under the new law to agree in advance with staff on compensation that will apply if shifts are cancelled or changed. However, there has been no indication that the level of *funding* under government contract for these services would be increased to reflect this law change.

26. ***The Salvation Army recommends that on the enactment of this Bill, current government contracts be altered to fund this law change.***

CONCLUSION

27. The Salvation Army supports in principle the progress towards improving the rights of working parents and vulnerable workers under this Bill, but believes that a significant amount of work is still to be done to meaningfully support all parents and children, including those on the margins of our society.
28. Furthermore, whilst The Salvation Army opposes the practice of zero hours contracts in principle; The Salvation asserts adoption of this Bill requires immediate Government funding so that NGOs who are funded on the basis of running zero hours contracts are able to meet, without further cost, employment practices that will comply with this law.