



Parental Leave and Employment Protection (Six Months' Paid Leave and Work Contact Hours) Amendment Bill

Government Administration 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 power.¹
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, Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.

THE SALVATION ARMY PERSPECTIVE

5. We **support** the basic premise of the Bill, that greater investment is needed to increase the duration of parental leave payments, and that there needs to be improved flexibility for parents returning to work. We note that a similar Bill led by the same member has been before the House in 2012, which The Salvation Army also supported, and that a Government Bill is presently before select committee which is investigating some other related issues.
6. The Salvation Army believes that our parental leave policies need further strengthening and therefore, we are glad to again support this private member's Bill that increases the parental leave payment to a maximum of 26 weeks from the current level of 16-18 weeks. Investing in

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

more parental leave supports parents in this time of transition and protects against longer-term costs arising from insecure parent-child attachments, and poorer labour market and economic outcomes for mothers and their families.

7. However, we continue to believe the critical question to ask in this situation is around what are the priorities all members of the House are setting for our nation. Fundamentally, this Bill is a good idea, particularly as it is supporting parents in their care of our children. However, we submit there are other issues that are of equal or even greater importance to our nation than extending paid parental leave.
8. We will continue to raise the issues surrounding child poverty as absolutely vital for our Government, and for our nation as a whole, to comprehend, debate, discuss and develop meaningful and effective solutions.
9. In our 2012 submission on paid parental leave we highlighted the report from the Expert Advisory Group (EAG) on solutions to child poverty as a useful tool in this discourse. Whilst we want to acknowledge the good progress that has been made in this area since 2012, it is of concern to The Salvation Army that over three years on from this report, so many of our children are still living in severe hardship.

Who benefits?

10. The Salvation Army notes that overall paid parental leave reforms inherently only capture those who are in employment. The infants of beneficiaries for example, through no fault of their own do not receive the same financial support as infants born into working families.
11. Over many years, beneficiary family incomes have hardly changed in real terms, while those for working families have increased. Two-thirds of children in more severe hardship have a parent on a benefit, and nine out of 10 of those are sole parents.²
12. Children of beneficiaries have the right to be treated like all other low-income children. A child's needs do not change just because the work status of their parent does. The arrival of a baby into a family, or to a single mother, with limited income increases the pressure on those already in severe hardship, without any meaningful additional support being available to immediately alleviate this pressure.
13. The Salvation Army acknowledges the Hardship Package introduced in this year's budget and the extra \$25 a week for families with children on the benefit. This is to be commended. However, as Professor Jonathan Boston from the EAG has noted this year, with the exception of beneficiary families who secure income from paid employment for part of any specified period, the minimal changes to benefit rates announced in the Budget will *not* reduce rates of child poverty measured on the basis of family income.³

² Bill English, Anne Tolley "\$790m package for children in poorest families" (press release, 21 May 2015).

³ Jonathan Boston "Child hardship package will have only a marginal impact on child poverty" (press release, 21 May 2015).

14. The Salvation Army strongly recommends that in addition to a focus on paid parental leave, the Government and other members of the House revisit the recommendations of the EAG on child poverty and investigate a Universal Child Payment for each child up to the age of 6, the idea being to help parents find balance between paid work and caring for their children in the most vulnerable years. The EAG highlighted the desirability of a Universal Child Payment for the following reasons:⁴
- a. it supports a parent to stay at home with an infant;
 - b. it gives proportionally more to children in poorer families, while recognising that all parents with young children face significant costs;
 - c. it is simple and transparent, with relatively low transaction and compliance costs, and it would have virtually 100 percent take-up from birth;
 - d. it will be effective in reducing child poverty – a review of OECD practice shows countries with universal child support versus targeted programmes tend to achieve lower poverty rates.⁵
15. All of the tools suggested by the EAG in 2012 are good mechanisms to help eradicate child poverty in New Zealand. But we specifically highlight the Child Payment as a possible solution that, in addition to paid parental leave, would be hugely effective in eradicating poverty and supporting *all* parents and families in our nation.

Investment

16. We acknowledge the concerns that both extending paid parental leave and schemes such as the Universal Child Payment take significant investment. However, we submit that continuing to increase the investment into these types of social programmes is crucial to the eradication of poverty and the further development of our nation. There is strong evidence that taking an investment approach to supporting better outcomes for young children will pay great dividends for society, and we are pleased the Treasury has endorsed this view.⁶

RESPONSES TO SPECIFIC AMENDMENTS TO LEGISLATION

17. We support Part 1 and Part 2 of the Bill that gradually increases paid parental leave from 16 weeks to 26 weeks.
18. We also support clause 14 of the Bill which creates new provisions for “work contact hours” to allow parents to keep in touch with work whilst on paid parental leave if they wish to.

CONCLUSION

⁴ Expert Advisory Group on Solutions to Child Poverty *Solutions to Child Poverty in New Zealand: Evidence for Action* (Children’s Commissioner, December 2012) at 41.

⁵ Organisation for Economic Co-operation and Development “Child Poverty in OECD Countries: Lessons for Developing Countries” 2012 *2 Pathways’ Perspectives on Social Policy in International Development*.

⁶ Cabinet Social Policy Committee *Six monthly report of the ministerial committee on poverty* (Office of the Deputy Prime Minister, April 2013)

- 19.** The Salvation Army is dedicated to holistically improving the lives of our families and communities, particularly those who are the most vulnerable. We thank the committee for the opportunity to submit on this Bill and believe that this Bill will contribute to the positive development of parents, families and communities in Aotearoa New Zealand.
- 20.** We also encourage all members of the House to maintain a holistic view of who is being supported by the policies that they propose, in order that *all* of our babies might one day begin their lives free of poverty and hardship.