



## Support for Children in Hardship Bill Social Services Select 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.<sup>1</sup>
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 Major Campbell Roberts of The Salvation Army's New Zealand, Fiji and Tonga Territory.

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

## THE SALVATION ARMY PERSPECTIVE

1. The Salvation Army has persistently engaged with the Government around child poverty. We continue to contend that the elimination of child poverty in New Zealand should be a greater priority for Government.
2. Child poverty in New Zealand is at unacceptable levels and there has been no concerted effort to reduce it by successive Governments. The Salvation Army *State of The Nation* reports evidence that there has been no improvement in the area of child poverty. As a service that works directly with vulnerable people in society our frontline staff see firsthand the effect that poverty has on children in our communities. It is disturbing how many children go without basic necessities in New Zealand such as adequate food, shelter or clothing. Staff report that they are also seeing an increasing number of ‘working poor’ families in New Zealand; children who experience poverty despite how hard their parents are working.
3. We submit that In order to boldly address the issue of child poverty in New Zealand there needs to be brave, purposeful and significant intervention by Government. All legislation and policy that is considered by Government and Government Departments should consider the effect that the proposed policy and legislation has on child poverty and families in hardship. We refer the committee to the excellent work of the Children’s Commissioner’s expert task group on child poverty and the recommendations they laid down for New Zealand.<sup>2</sup>
5. We submit that the proposed Supporting Children in Hardship Bill is not an intervention that is effective in the reduction of child poverty in New Zealand. The Salvation Army cannot be fully supportive of the proposed Bill.

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<sup>2</sup> EAG (2012), *Solutions to Child Poverty: Evidence for Action*, Office of the Children’s Commissioner, Wellington, <http://www.occ.org.nz/assets/Uploads/EAG/Finalreport/Final-report-Solutions-to-child-poverty-evidence-foraction.pdf>.

## SPECIFIC RESPONSES TO AMENDMENTS

### Increase in payments to Parents

#### Schedule 6 Clause 1(e), (f) and (g) of the proposed legislation.

**6. *We commend Government for making a much needed change***

- We support increases in payments to parents on benefits and to parents on low incomes. We commend the Government for increasing payments to parents who are most in need. Benefits have not increased since 1972 and we acknowledge Government for taking the initiative to make much needed changes.

**7. *We submit that the proposed entitlement needs to be increased.***

- We submit that the proposed increase in payments to parents is inadequate to support children and families in hardship and needs to be further increased in order to make a real difference. Frontline staff inform us that the proposed increase in payments will not make sufficient difference to the lives of those in poverty. They report that the extra money will likely go on debts that families in hardship have. Debt can include rent arrears, power bill arrears or personal loans. It is not uncommon for families in poverty to go into debt in order to provide basic necessities. We submit that benefit rates need to re-adjust annually in line with movements in average wages and salaries.
- We submit that the \$25.00 payment is inequitable for families that have more than one child. As it stands the Bill proposes to give the same increase to someone with one child as a family of six. The family with one child are able to get the full benefit of the increase but if you have more than one child, or several children the increase of \$25.00 per family is not going to be of any real advantage to the family. We submit that in order to support families in hardship, increase in payments need to be per child.
- We submit that the increase needs to be immediate. We are aware that there will be no increase until April 2016. We submit that children are in hardship now and any increase needs to become effective when this Bill is passed into law.
- We submit that families should receive the full \$25.00 increase directly to them without any erosion of that entitlement. Some of this new income that should be a direct benefit to families is offset by reductions in entitlement to the accommodation supplement, income related rents and supplementary payments. We consider that children in hardship need full entitlements and we consider the erosion of existing entitlements unnecessary.

**8. *We submit that addressing child poverty requires a holistic approach***

- We submit that a one off increase in payment to families with children in hardship does not adequately address the issue of child poverty in New Zealand. If New Zealand is serious about child poverty it needs to work towards addressing the multiple issues that face vulnerable and poor families.
- The Salvation Army is particularly concerned with issues such as housing availability, affordability and the condition of homes. Housing is a significant factor that affects children's health and wellbeing. We note that the maximums set for the Accommodation Supplement payments have not been adjusted since 2007 and believe that the question of the adequacy of the Accommodation Supplement needs to be addressed urgently.

- In some cities there are limited houses available. If families are able to gain housing then they are unable to maintain housing due to affordability. After rent, some families do not have enough money for essential items such as food. Frontline staff in the Manukau branch of The Salvation Army report that there is a marked increase of homeless families presenting for support. Children are sleeping in unconscionable situations. During the winter there is increased demand for clothing and blankets because people are staying in substandard housing such as in caravans, unlined garages or cars. Staff report that there is nowhere to refer families who have acute housing needs.
- We submit that the issue of child poverty is multifaceted and as such action to address child poverty should be holistic. Some staff in the Manukau branch of The Salvation Army report that what works well for families in hardship is wrap around services. Staff report that programmes such as Strengthening Families have had a positive impact on families in hardship in Manukau.

### **Increasing obligations on parents to return to work**

This part of the submission relates to Clause 7 and 8 of the proposed legislation.

9. We submit that compelling parents to return to work when their child turns three instead of five does not support children in hardship and we do not support this aspect of the proposed Bill. The Salvation Army asks that consideration be given to leaving the age at which parents are required to return to work at five years.
10. We submit that increasing the work obligations of parents from fifteen hours to twenty hours does not support children in hardship. The Salvation Army feels an inadequate case has been made for increasing the hours of work obligation and asks the committee to consider leaving the work obligations at fifteen hours.
11. *We submit that the proposed legislation devalues the contribution of unpaid work*
  - Compelling parents into employment fails to acknowledge the value of parenthood and unpaid work in the home. Parents will face sanctions if they continue to work in the home and raise their children. What this is saying is that people can only make a valuable contribution to society if they are in paid employment. We submit that raising children and working in the home is invaluable to society and that there is intangible and economic benefit to such work.
  - We submit that the unpaid workforce contributes immensely to the community. Parents who stay at home are more able to partake in the volunteer sector. We consider that work in the volunteer sector has significant social value and should be acknowledged encouraged and supported by Government.
12. *We submit that the proposed legislation devalues children*

We submit the needs of the children should be the primary focus for any policy or legislative change and this proposed Bill does not consider children as a priority. The focus of this legislation is compelling parents of children into employment as a priority. If families do not have sufficient family support to return to work the only alternate would be childcare. If parents are forced into employment then children are forced into care and this may not be beneficial to children in hardship.

- We submit this Bill unfairly prejudices children in poverty. In households that do not experience poverty, parents can choose whether or not to stay home to raise their children and they can choose when to return to work. This legislation creates an onus on poor parents to return to work when their child is three. Not all children will need to go into care at age three; this policy only affects those children whose parents are unable to make other choices.
- Some young children may not be ready or able to go into childcare at age three for a variety of reasons. Some children may need longer to transition into care. The proposed Bill fails to recognize the difficulties some children may face transitioning into care. It can be argued that three year olds living in poverty are more vulnerable than three year olds not in poverty and therefore need more parental support.
- We are concerned about the standard of care in childcare centers in New Zealand and submit that the proposed legislation does not consider the standard of care available for children. We consider that childcare needs to be at a decent standard in New Zealand. We submit that Government needs to ensure that care is at a decent standard before children are compelled into care at age three.

***14 We submit that suitable decently paid work for parents with young children is limited***

- In order to ensure children in hardship are supported it is important that their parents are in good jobs that pay decently and are available at good hours for families. We submit that there is a lack of available jobs that are suitable for parents of young children; this is particularly the case for parents who have limited education.
- We consider that the majority of people this proposed legislation effects have not had opportunities in education and the flow on career options education create. We think the Government focus should be on upskilling people in order to realise their potential rather than enforcing people into employment and employment types that further entrench the poverty cycle. We submit that the focus should be on career pathways for parents of children in hardship as opposed to a focus on obtaining employment.
- Rural areas also need to be considered, in those areas there are limited opportunities for work.
- The committee may like to recommend in its report back to Parliament that there should be an increased Government focus on job creation and ensuring people are paid a living wage.
- Employing people with small children is complex and employees may not be supportive toward parents of young children. Younger children tend to get sick more often and this is especially the case of children in hardship. There is a need to consider the difficulties that may occur for families, particularly single parent families, to maintain work once they have obtained work.

**15 *We submit that compelling parents of young children to work places addition stress on families in poverty***

- We submit that families who experience poverty face a significant and persistent amount of stress. Stress comes from many places for those in poverty such as pressure from Government Departments such as Child Youth and Family, accommodation instability and insecurity and food insecurity.
- We submit that obliging parents to go to work would place additional strain and stress on families. We consider that alleviating families of stress would be a better approach to supporting children and families in hardship. Alleviating stress means first and foremost working with the families who are in poverty to better understand the situations they face and how in an empowering fashion they can be supported. We encourage the committee to consider ways in which families can be assisted to deal with the stresses of poverty.
- Most of the families that will be effected by this Bill are single parent families and we consider that this proposed Bill unfairly prejudices such families. Being a parent can be challenging, being a single parent is even more so given there is no other parent on a day to day basis to provide relief and support. Being a single working parent of young children can be incredibly difficult and stressful.
- There is also a concern about women who may be additionally vulnerable due to family violence. Some women may be leaving violent situations with the families having to make significant changes and adjustments. There is also a need for some security and stability for children; the children may not want their mother to leave them given the changes in their situation.
- We submit that there should be a greater case management approach followed in relation to parents returning to work. Work is not beneficial or suitable for all families and situations and each family circumstance should be assessed on a case by case basis.

**16. *We submit that additional costs associated with working can create further financial hardship***

- Parents would need to cover costs of childcare and travel. This could put financial strain and hardship on families in need.
- Although there is a childcare subsidy for twenty hours, a parent will need more than twenty hours childcare to be able to sustain work. A parent who works twenty hours would need to place their child in care for at least twenty five hours a week taking into account travel to and from work. The extra hours would mean additional costs to parents.
- We have had an example of a family who placed their child in the local preschool for 20 hours per week to enable them to work. They had to pay an additional \$20 per week for the 20 hours of care. The family wanted their child to have additional care due to one parent securing work and arranged for their child to attend three full days. The cost to the family is now \$141.88 per week - the child only attends an extra 7 hours per week above the free subsidized childcare.
- The Salvation Army runs childcare centers and do not charge above 20 hours. There is a maximum charge in place of \$6 per day. There is a growing concern about how small community based centers are being pushed out of the market by corporate childcare centers that have moved in and are charging families very high rates. This reality in the childcare market means that for some families' childcare is becoming unaffordable.

- We consider that if there are increased obligations to work, there needs to be adequate support for parents. We ask that the committee consider increasing free childcare to at least twenty five hours a week in order to account for the additional travel required for a parent to attend work.
- We are also concerned about the difficulties poorer families would have in transporting young children to childcare and then finding transport to work. Public transport is an option but would be an onerous daily task. There are also weather conditions to consider with public transport; the reality is that young children in poverty are often not well. The only other option available would be transport by private vehicle. People in poverty have difficulty obtaining and maintaining vehicles for private use due to the costs of doing so. Frontline staff report that families often drive substandard vehicles and have large debts related to car payments and fines.
- We submit that there needs to be support available for families who are expected to work and this support needs to take into account transport and other additional costs associated with working.

**17. We submit that the type of childcare required by families in hardship is not readily available**

- Most childcare available in New Zealand only caters for those employed in standard working hours. Many of the vulnerable families we see are on shift work that is outside these hours. Childcare does not cater for these types of situations.
- Frontline staff report that many of the ‘working poor’ they see are working shift work. They report that because there is no adequate childcare to cater for shift work it is often older siblings that have to take responsibility for childcare. In some cases older children are being held back from education in order to care for younger siblings while their parents work so that basic needs of the family are met.

## CONCLUSION

In conclusion The Salvation Army considers child poverty to be a significant issue in New Zealand and one that Government needs to continue address. We consider that the proposed legislation falls to provide adequate support for children in hardship in New Zealand. We propose that the Bill is heavily amended to better meet the needs of vulnerable parents and their children. We welcome the opportunity to make an oral submission in relation to the proposed legislation.

For further information or discussion, please contact:

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