



## **Parental Leave and Employment Protection (Six Months Paid Leave) Amendment Bill Government Administration Select Committee**

### **The Salvation Army (New Zealand, Fiji and Tonga Territory) Submission**

#### **1. BACKGROUND**

- 1.1 The Salvation Army is an international Christian and social services organisation. 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.
- 1.2 The Salvation Army is strongly connected to the regions and communities around New Zealand. We have over 90 community ministry centres and churches (corps) across the nation, serving local families and communities for over 130 years. We are passionately committed to our local 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> Therefore, we believe we can speak effectively to this Bill because of our commitment and track record with local communities, and also because of our strong relationships with territorial authorities wherever our community ministry centres and corps are located.
- 1.3 This submission has been prepared by the Social Policy and Parliamentary Unit of The Salvation Army. The Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand. The Unit provides solid social research and robust policy analysis, engaging with national opinion makers in politics, government, business, media and education.
- 1.4 This submission has been approved by Commissioner Donald Bell, the Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.
- 1.5 We would like the opportunity to publicly talk to the issues raised in this submission with the Government if there is such a process. Our contact details for this submission are at the end of this paper.

#### **2. THE SALVATION ARMY PERSPECTIVE**

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

2.1 We **support** the basic premise of the Bill, that greater investment is needed to increase the duration of the parental leave payment to a maximum of 26 weeks by 2014.

2.2 However, we believe the critical question to ask in this situation is around what are the priorities our Government is setting for our nation. Fundamentally, this Bill is a good idea, particularly as it is supporting parents in their care of our children. But we submit that there are other issues that are of equal or even greater importance to our nation as extending paid parental leave.

We 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.

We highlight the recent report from the Expert Advisory Group on Solutions to Child Poverty as a useful tool in this discourse. In particular, we want to lend our unequivocal **support** to this Group's recommendation of a new universal income support payment called the Child Payment. All of the tools suggested by this Group are good mechanisms to help eradicate child poverty in New Zealand. But we specifically highlight the Child Payment as a possible solution that, although similar to current income support payments like paid parental leave, could be hugely effective in eradicating poverty and supporting **all** parents and families in our nation.

2.3 We also acknowledge the concerns voiced by some members of the House that we as a nation simply cannot afford to finance incremental increases in parental leave payments. However, we submit that continuing to increase the investment into these types of social programmes is crucial to the eradication of poverty and further development of our nation.

The Families Commission stated in 2010 that a strong paid parental leave scheme would serve to:

- grow workforce attachment for those taking the leave
- create income security for parents and their families
- create better health outcomes for children and parents
- ensure greater gender equality as fathers become more involved in the care of their children.<sup>2</sup>

Our parental leave policies need further strengthening and therefore, we support the basic premise of the Bill.

Because our paid parental leave scheme is funded via general revenue and not, as in other OECD countries, through social insurance programmes, then any expanding and strengthening of our social programmes agenda requires serious political commitment to this agenda. We implore our Government to continue to keep a child, family, and whanau-centred approach in developing national social and economic policy.

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<sup>2</sup> <http://www.familiescommission.org.nz/sites/default/files/downloads/Paid-Parental-Leave.pdf>

- 2.4 In terms of furthering the debate in this area, we also present the following thoughts below as crucial factors for this Select Committee to consider in their deliberations over this Bill:

#### **2.4.1 Who is taking advantage of this scheme?**

Since its inception in 2002, over 190,000 parents have accessed the paid parental leave benefits. Research is also showing that the majority of mothers do not immediately return to work after their 14-weeks of paid leave and that three-quarters of mothers return to their jobs after one year of caring for their child.<sup>3</sup> The Families Commission also reported in 2007 that several New Zealand mothers who return to work after their allotted 14-weeks leave often reduce their work hours, move to less stressful jobs (that are usually lower-paid jobs) or quit their jobs altogether to continue the care of their child.<sup>4</sup>

We want greater clarity around the types of parents who are actually qualifying and using this scheme. We applaud the fact that so many New Zealanders are accessing paid parental leave. But we also want to ensure that poorer parents and families, who we work with everyday throughout the nation, are informed of, and supported and encouraged to apply for paid parental leave. We sincerely hope that paid parental leave in New Zealand does not become the sole domain of middle-class parents and families who have the information, resources and means to access this scheme. This is a scheme that should benefit as many New Zealand parents and children as possible.

#### **2.4.2 Economic rationale**

As mentioned above, several members of the House have argued that we as a nation cannot afford more investment into paid parental leave. Furthermore, the Minister of Finance stated on Tuesday 24 July 2012 that the Government would exercise its power to veto this Bill.

In April 2012, the Department of Labour provided estimates to the Government about the cost of potentially increasing paid parental leave from 14 to 26 weeks as proposed in this Bill. These costs are below:

##### **2012/13**

Existing scheme (14 weeks): \$160.2 million

18 weeks: \$205.9 million

**Extra cost: \$45.7 million**

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<sup>3</sup> Ibid.

<sup>4</sup> <http://www.familiescommission.org.nz/sites/default/files/downloads/parental-leave-summary-report.pdf>

**2013/14**

Existing scheme (14 weeks): \$165 million

22 weeks: \$259.2 million

**Extra cost: \$94.2 million**

**2014/15**

Existing scheme (14 weeks): \$169.9 million

26 weeks: \$315.6 million

**Extra cost: \$145.7 million**

The Salvation Army again acknowledges the financial climate that New Zealand and most other nations are currently facing. Any increase in this scheme would require a real political commitment from our Government. It might also call for a re-prioritisation of Government spending to ensure that New Zealand bucks the global trend of decreasing social spending during tough economic times. As illustrated in the figures above, it will take about an extra \$286 million in additional funding to extend the scheme from 14 to 26 weeks over the next 3 years. We believe this shift is possible if our Government maintains a child, family and whanau-centred approach to policy and legislation.

**3. RESPONSES TO SPECIFIC AMENDMENTS TO LEGISLATION**

- 3.1** We support clause 4 (purpose) and clause 5(3)(c) (incremental increase of paid parental leave to 26 weeks over the next three years).

**4. CONCLUSION**

We thank the Government Administration select committee for the opportunity to speak to this Bill. The Salvation Army is dedicated to holistically improving the lives of our families and communities, particularly those who are the most vulnerable. We submit that this Bill will contribute to the positive development of parents, families and communities in Aotearoa New Zealand.

Thank you again and God bless.

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