

## Consultation on Proposed Withdrawal of Life and Income Protection Insurance Benefit

Overview of Feedback	Consideration/Action
<p>Of the 86 people that provided feedback via the form or email, 84 disagreed with the proposal. TIASA and TEU unions both disagreed with the proposal.</p>	<p><i>We acknowledge that many of our kaimahi disagreed with the proposed withdrawal of this benefit.</i></p> <p><i>However, the primary reason that we have proposed the withdrawal of this benefit is that Unitec's pathway to financial sustainability in 2023 means we must make substantial ongoing cost savings. Withdrawal of this benefit is a significant cost saving that will help to mitigate the need for further cost savings that would otherwise be necessary.</i></p> <p><i>In addition, there are some complexities of policy ownership. The insurer has advised us that, when employees transfer to roles within the national or regional Te Pūkenga structure (rather than within the Unitec business division) there will be no practicable way to distinguish former Unitec employees from all current Te Pūkenga employees and we will no longer meet the plan eligibility (in which Unitec is the policy holder). Te Pūkenga is not able to extend these insurance benefits to all employees under our employment as this would be cost prohibitive.</i></p>

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<b>Theme 1: This scheme is a term and condition of employment and cannot be withdrawn</b>	
<p>Feedback included:</p> <ul style="list-style-type: none"> <li>The scheme is a term and condition of employment.</li> <li>The scheme is protected under the transitional provisions of Education and Training Act 2020. In the transition to Te Pūkenga, staff were assured that there would be no changes to their terms and conditions of employment.</li> <li>The agreement between Te Pūkenga and staff when they signed the letter authorising transfer from Unitec to Te Pūkenga was that our employment conditions would remain the same. The Chief Executive of Te Pūkenga assured staff that this would be the case.</li> </ul>	<p><i>This insurance plan is currently provided as a staff benefit, it is not a term and condition of employment.</i></p> <ul style="list-style-type: none"> <li><i>We are not proposing any change to agreed terms and conditions of employment.</i></li> <li><i>The ability to participate in the scheme is not an express term or condition of employment.</i></li> <li><i>Staff benefits can change or be withdrawn at any time.</i></li> <li><i>The Employee Guide to the Insurance Plan clearly states that cover may cease if either the insurance company or Unitec cancel the policy.</i></li> </ul>
<ul style="list-style-type: none"> <li>The Income Protection and Life Insurance has been in effect for at least 20 years and is therefore, a customary term of employment imported into the collective agreement under the legal rules for custom and practice. It cannot be unilaterally varied or removed by Te Pūkenga/Unitec; any changes must be negotiated and agreed.</li> </ul>	<p><i>We acknowledge that staff have had the enjoyment of this benefit for some time. However, this insurance benefit has always been subject to Unitec's (and the insurance company's) ability to withdraw it. Accordingly, even if this could be said to be implied by custom and practice (which we do not consider is the case), that would not change Unitec's ability to withdraw it.</i></p>
<b>Theme 2: The scheme is part of the overall employment package; this is effectively a reduction in salary and staff should be compensated</b>	
<p>Feedback included:</p> <ul style="list-style-type: none"> <li>This is a significant reduction in overall package.</li> <li>The removal of this insurance scheme is, in effect, a further pay cut at a time when inflation is already reducing the value of compensation staff receive.</li> <li>Many staff may have made a decision to take up employment at Unitec based on the total package of terms and conditions provided by the employer, and the removal of this scheme reduces those conditions</li> </ul>	<p><i>There is no change proposed to remuneration or to any other agreed terms and conditions of employment.</i></p> <p><i>We recognise that this would result in a loss of a benefit for kaimahi, but the circumstances (as described) mean that it is unlikely to be practicable to continue to provide this scheme. However, Te Pūkenga will consider staff benefit packages, applicable to all kaimahi across the network, in due course.</i></p>
<ul style="list-style-type: none"> <li>Unitec has argued for many years, in bargaining, that the provision of the Income Protection Insurance and Life Insurance</li> </ul>	<p><i>While we do not necessarily agree that the scheme has been used in bargaining as alleged, we consider previous negotiations for</i></p>

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<p>should be offset against any salary increase, i.e. that the value of the salary increase should be reduced due to the monetary benefit of the Income Protection and Life Insurance.</p> <ul style="list-style-type: none"> <li>It has also been used for many years to justify Unitec's refusal of TIASA's claim for the non-stat days between Christmas and New Year to be paid additional leave, which would have brought Unitec into line with the other TIASA collective agreements in the ITP sector.</li> </ul>	<p><i>collective agreements are not relevant to the current consultation process, including because it is not a term expressed or implied into the collective agreement. Life and income protection has been a non-contractual benefit for all Unitec kaimahi (including non-union members).</i></p> <p><i>Also when negotiating for a collective agreement, there is a larger context that is taken into consideration, eg where remuneration sits in the general market, including where it sits against other educational institutes, and other contractual and non-contractual benefits of employment. All claims are considered in good faith and an outcome is agreed based on budget, market rates and relativities. Unitec's base remuneration has traditionally sat higher against peers in market. There have also been other benefits that Unitec staff have that general market or other institutes did not all get e.g., 5 weeks annual leave after two years.</i></p>
<ul style="list-style-type: none"> <li>What Unitec is proposing runs counter to good faith, and likely to result in strong legal challenge.</li> </ul>	<p><i>We do not agree with this. Unitec is faced with the practical reality that the current insurance policy will no longer be a feasible benefit to continue. While acknowledging that the proposed removal of this benefit may be upsetting for some staff, we have endeavoured to ensure that we undertake a fulsome and fair consultation process, consistent with good faith.</i></p>
<ul style="list-style-type: none"> <li>Employees expect compensation if this benefit is removed</li> </ul>	<p><i>We appreciate that many staff are focused on the financial value of the policy. We have considered whether it is feasible to provide a one-off compensatory payment in acknowledgement of this, however this would negate any potential cost savings which are needed to avoid further reductions in other areas.</i></p>
<b>Theme 3: Te Pūkenga should take ownership for this policy or put something similar in place</b>	
Feedback included:	<i>The owner of the Unitec Income Protection and Life Insurance policy is currently Te Pūkenga</i>

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<ul style="list-style-type: none"> <li>Unitec formally and legally became part of Te Pūkenga (TP) on 1 October 2022, and therefore Te Pūkenga is currently the owner of the policy.</li> <li>Unitec is part of Te Pūkenga and Te Pūkenga is the employer of all the kaimahi potentially impacted by the proposed withdrawal of the Income Protection and Life Insurance Plan.</li> <li>We believe that this is no longer just a Unitec matter and we propose that it be referred to Te Pūkenga for wider discussion with the Te Pūkenga Unitec kaimahi and union representatives.</li> <li>Shouldn't this wait until Te Pūkenga have considered what they may be able to provide nationally?</li> <li>What are the policy ownership difficulties/complexities referred to?</li> <li>Why/how would Unitec/TP no longer meet the plan eligibility?</li> <li>Te Pūkenga can demand a very competitive policy with any Provider as having thousands of staff as possible policy holders.</li> <li>If TP is going to be a good employer, who genuinely cares about staff wellbeing, at the very least similar schemes should be actively pursued across the whole organisation.</li> </ul>	<p><i>trading as Unitec. This is a short-term measure to allow Unitec to continue owning the policy until kaimahi transition to new roles within Te Pūkenga central or regional functions.</i></p> <p><i>Te Pūkenga are not able to extend these insurance benefits to all employees under our employment as this would be cost prohibitive. Te Pūkenga are interested in exploring future staff benefit packages for all kaimahi in due course.</i></p>
<ul style="list-style-type: none"> <li>Comparison of removal of this benefit with the high salaries of Te Pūkenga executives</li> </ul>	<p><i>We are not able to comment on the remuneration of any Te Pūkenga kaimahi.</i></p>
Theme 4: This proposal will negatively impact staff engagement, morale, and wellbeing	
<ul style="list-style-type: none"> <li>This proposal will further decrease staff morale, loyalty, commitment</li> <li>The proposal to remove this benefit significantly impacts loyalty and commitment to Unitec</li> <li>Many staff have relied upon this benefit and/or seen their colleagues use it in the past</li> <li>The proposal to remove this benefit is causing stress and anxiety</li> </ul>	<p><i>We understand that the news of the proposed withdrawal of this benefit is difficult to hear, and we acknowledge that this comes at a time of significant change for our kaimahi.</i></p> <p><i>We agree that this plan has been reassuring to have in place for those that are eligible and a direct benefit to a small number of kaimahi over the time we have had it in place. We acknowledge that it may be challenging for</i></p>

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<ul style="list-style-type: none"> <li>Staff cannot afford to continue/provide cover themselves.</li> <li>If implemented this will impact a staff members house purchasing process</li> <li>This may be the “last straw” in terms of retention of some staff members</li> </ul>	<p><i>some to work through finding suitable alternatives if this proposal is adopted.</i></p> <p><i>We are pleased to be able to advise that the insurers for both the life and income protection insurance schemes have agreed to offer the option of continuation for all kaimahi who were covered by the group scheme prior to 1 January 2023, under the following conditions:</i></p> <ul style="list-style-type: none"> <li><i>Option of continuation of cover without the need for comprehensive medical assessment, provided this is taken up within 60 days of group plan coverage ceasing.</i></li> <li><i>Kaimahi will need to arrange this insurance independently and individually with the two insurers who provide these plans – Fidelity Life for life insurance, and AIA for income protection insurance. We can arrange for Advisors to visit Unitec and meet with members of the Unitec group insurance plan to provide advice and quotes. They can arrange time slots to meet with members individually who wish to seek advice on insurance.</i></li> </ul> <p><i>We encourage all kaimahi to make use of the support options available. EAP provides confidential, independent counselling and support services including financial and budgetary advice – see <a href="#">EAP page</a> on Te Aka/the Nest for further information.</i></p>
Theme 5: Need for cost savings	
<ul style="list-style-type: none"> <li>What is the cost of providing this cover?</li> <li>Do you not think we are already making enough of a financial saving and have been for the past few years?</li> <li>Aren't there other places cost savings can be made first?</li> </ul>	<p><i>Peter Winder wrote to Te Pūkenga employees in November 2022 about the Budget 2023 and the pathway to financial sustainability. This communication outlined that Institutes of Technology and Polytechnics (ITPs) need to save \$25m in 2023. Unitec is continuously reviewing all of its expenditure and has made cost savings across a wide range of areas. We continue to be under significant cost pressure, and we must continue to meet savings targets to ensure we are a financially sustainable organisation.</i></p>

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	<p><i>This plan constitutes a significant cost for Unitec, being approximately \$447,000 annually. Accordingly, withdrawal of this benefit would result in a significant cost saving that will help to mitigate the need for further cost savings that would otherwise be necessary.</i></p>
<b>Theme 6: The consultation process has been hasty, and information provided has been inadequate</b>	
<ul style="list-style-type: none"> <li>• The consultation is hasty and poorly constructed with little information provided</li> <li>• Further information required for meaningful consultation to take place.</li> <li>• Access to the current plan/policy information</li> </ul>	<p><i>The timeframe for consultation was three weeks; we consider this to be sufficient to allow our kaimahi time to provide feedback.</i></p> <p><i>However, we have taken your feedback on board and are providing a further opportunity for staff to review the information contained in this document and provide further feedback.</i></p> <p><i>The <a href="#">Employee Guide to the Insurance Plan</a> has been available on Te Aka/The Nest staff intranet for all kaimahi and provides key information on the details of the plan.</i></p>
<b>Theme 7: Proposed timeframe for withdrawal of the benefit is insufficient</b>	
<ul style="list-style-type: none"> <li>• The proposed timeframe for the removal is also concerning. Under this proposal staff members would have a very limited time to seek alternative schemes, perhaps leaving them without cover at a time of significant uncertainty.</li> </ul>	<p><i>We have taken this on board and have worked alongside the brokers and insurance companies to see what other options they could provide for our kaimahi.</i></p> <p><i>We are pleased to be able to advise that the insurers for both the life and income protection insurance schemes have agreed to offer the option of continuation for all kaimahi who were covered by the group scheme prior to 1 January 2023, under the following conditions:</i></p> <ul style="list-style-type: none"> <li>• <i>Option of continuation of cover without the need for comprehensive medical assessment, provided this is taken up within 60 days of group plan coverage ceasing.</i></li> <li>• <i>Kaimahi will need to negotiate independently and individually with the insurers. We can arrange for Advisors to visit Unitec and meet with members of the Unitec group insurance plan to provide advice and quotes. They can arrange time</i></li> </ul>



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	<p><i>slots to meet with members individually who wish to seek advice on insurance.</i></p> <p><i>In addition to this, we are proposing to extend the date for withdrawal of the benefit by another three weeks, to allow kaimahi a bit more time to explore alternatives and/or engage with the insurers should they wish to take up the offer of continued individual coverage. The proposed date for withdrawal of the benefits (ie. the date that coverage would cease) would therefore be 21 April 2023.</i></p>
Theme 8: Does this proposal meet the Code of Conduct? Is it Tika?	
<ul style="list-style-type: none"> <li>Does this decision meet the Code of Conduct? Is it Tika?</li> </ul>	<p><i>This consultation process was to let our kaimahi know of the proposed withdrawal of this benefit. In particular we wanted to explain the associated complexities of maintaining the benefit which mean that we will not have an option to continue with the benefit in its current form, and in a way that assists the financial viability of our organisation.</i></p> <p><i>We have endeavoured to undertake (and believe we have undertaken) this consultation in line with our values and our Code of Conduct.</i></p>
Theme 9: Alternative Solutions	
<ul style="list-style-type: none"> <li>Employees contribute to retaining the cover</li> </ul>	<p><i>Aside from the complexities of such an arrangement, the same issues around policy ownership would come into play – going forward, there will be no way for the insurer to differentiate between former Unitec employees and all Te Pūkenga employees.</i></p>
<ul style="list-style-type: none"> <li>Increase salaries / packages accordingly to cover and / or compensate for this change</li> </ul>	<p><i>As highlighted above, the financial impact of continuing the scheme (alongside the issues of eligibility with the insurer) is the key consideration for Unitec. At this point in time, it is not feasible for us to increase salaries on an ongoing basis in direct response to this proposal. We are also not in a position to provide compensation, as this would negate any potential cost savings which are needed to avoid further reductions in other areas.</i></p>

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<ul style="list-style-type: none"> <li>Retain at least some of the cover or replace with health insurance</li> </ul>	<p><i>Te Pūkenga has a Southern Cross Health Insurance corporate group scheme which provides kaimahi with a discount on normal retail rates.</i></p> <p><i>As above - we will not have an option to retain our current policy due to the policy ownership complexities, as well as the financial impact of retaining it.</i></p>
<ul style="list-style-type: none"> <li>Grandparent the scheme for existing employees</li> </ul>	<p><i>We have explored this with the insurer and been advised that the premiums would steadily increase over time. This is because, despite a declining number of employees eligible for coverage, the average overall age would increase over time. Accordingly, the cost of this measure would be prohibitive.</i></p>
Request for Meeting	
<ul style="list-style-type: none"> <li>TEU members request an opportunity to meet and discuss this proposal at an all-up staff meeting during the consideration phase so that they may have an opportunity to express their views about how this would negatively impact them before a decision is made.</li> </ul>	<p><i>In lieu of the proposed all-up staff meeting, we have extended this consultation process to allow staff a further opportunity to express their views before a decision is made.</i></p>