

Decision: Withdrawal of Income Protection and Life Insurance staff benefit

Summary of decision

On Thursday 19 January we proposed the Withdrawal of the Income Protection and Life Insurance benefit currently provided to kaimahi. We fully recognise that this is highly valued benefit that our kaimahi have enjoyed for a number of years. It is also valued by management as an expression of manaakitanga when a member of our community experiences a challenging time.

We have not considered this withdrawal lightly and have deliberated and debated numerous options. We came to the conclusion that with the complexity of managing this cost within the new Te Pūkenga network and insurance premiums significantly increasing across the country and world, the best decision is to withdraw the insurance benefit, to avoid having to make cost savings in other areas to ensure our financial viability.

From Wednesday 4 May 2023, we confirm the withdrawal of the Unitec Income Protection and Life Insurance benefit.

Reason for change

As previously shared with our kaimahi, we are currently challenged financially to maintain our costs against reduced revenue, due to lower enrolments and lower funding provision for 2023. Our budget management identified a need for a combined savings target of \$5.4m across Unitec-Te Pūkenga and MIT-Te Pūkenga for the upcoming year to secure our financial viability.

To meet this target, we have commenced assessments across several programmes (as outlined in our communication 07 March 2023) and explored various provisions that could be targeted for savings.

In completing these assessments, we have endeavoured to balance cost management against maintaining learning delivery for our ākonga, short-term challenges for otherwise viable programmes, retention of kaimahi within viable programmes and other cost saving options.

At a cost of approximately \$447,000 per annum, the withdrawal of the insurance benefit provides a substantive contribution to our savings need and avoids us having to pursue further cost cutting in other areas of our division.

Timeline and options

- In recognition of the feedback, we have **extended the date** of the withdrawal from 31 March to 4 May 2023. This allows kaimahi time to explore options for continuing their insurance cover.
- After discussions, our 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, if taken up within 60 days of the group plan ceasing. Terms and conditions will apply as per the insurers current policy. This would mean you can continue cover without the need for comprehensive medical assessment. The cover would be at your own cost, i.e. not paid for by Unitec-Te Pūkenga.

How to continue your insurance cover at your own cost

If you would like to discuss continuing your life and/or income protection insurance with our insurers, they will be available to meet with individual kaimahi on our Mt Albert campus on the following dates:

- Tuesday 18 April 2023, 9:00am-3:00pm
- Wednesday 26 April 2023, 9:00am-3:00pm

Please email one of the following to book an appointment, or to arrange an alternative time for discussion if neither of these dates work for you.

- Jody.Alder@mercermarshbenefits.com
- Paige.Venter@mercermarshbenefits.com

Health insurance cover

While the Unitec-Te Pūkenga life and income protection group insurance plans are ceasing, kaimahi can still access a discount on health insurance through Southern Cross Health Society. When discussing your cover with Southern Cross, if you communicate that you are a staff member at Unitec-Te Pūkenga and this is verified with our payroll team, you will receive a discount.

Compassionate Grants

The Academic Collective Employment Agreement includes a provision for a compassionate grant that the employer can make to the whānau if there is a death in service.

Feedback and Response

Feedback received has been grouped into themes. We have provided the following responses to assist with understanding of the considerations we made.

Feedback	Consideration/Action
Theme 1: This scheme is a term and condition of employment and cannot be withdrawn	<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">• <i>We are not proposing any change to agreed terms and conditions of employment.</i>• <i>The ability to participate in the scheme is not an express term or condition of employment.</i>• <i>Staff benefits can change or be withdrawn at any time.</i>• <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> <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>
Theme 2: The scheme is part of the overall employment package. This is effectively a reduction in salary and staff should be compensated. It has also been a matter within Collective Bargaining and used to defend the employers offer or position.	<p><i>There is no change proposed to remuneration or to any other agreed terms and conditions of employment. 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> <p><i>We recognise that the withdrawal would result in a loss of a benefit for kaimahi, but the circumstances (as described) mean that it is not 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> <p><i>While we do not necessarily agree that the scheme has been used in bargaining as alleged, we consider previous negotiations for 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</i></p>

	<p><i>been a non-contractual benefit for all Unitec kaimahi (including non-union members).</i></p>
<p>Theme 3: Te Pūkenga should take ownership for this policy or put something similar in place.</p> <p>Comparison of removal of this benefit with the high salaries of Te Pūkenga executives</p>	<p><i>The owner of the Unitec Income Protection and Life Insurance policy is currently Te Pūkenga 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 is not able to extend these insurance benefits to all employees under our employment nationwide as this would be cost prohibitive. Te Pūkenga are interested in exploring future staff benefit packages for all kaimahi in due course.</i></p> <p><i>We are not able to comment on the remuneration of any Te Pūkenga kaimahi.</i></p>
<p>Theme 4: This proposal will negatively impact staff engagement, morale, and wellbeing</p>	<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.</i></p> <p><i>We acknowledge that it may be challenging for some to work through finding suitable alternatives if this proposal is adopted.</i></p> <p><i>We 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, at their own cost, under the following conditions:</i></p> <ul style="list-style-type: none"> <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> <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 will 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> <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 EAP page on Te Aka/the Nest for further information.</i></p>
<p>Theme 5: Need for cost savings.</p>	<p><i>Unitec is continuously reviewing all of its expenditure and has made cost savings across a wide range of areas. The 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>

Theme 6: The consultation process has been hasty, and information provided has been inadequate.	<p><i>The timeframe for consultation was three weeks; we consider this to be sufficient to allow our kaimahi time to provide feedback on this type of proposal.</i></p> <p><i>However, we took the feedback on board and provided a further opportunity for staff to review the information contained in our initial response to consultation and provide further feedback.</i></p> <p><i>The Employee Guide to the Insurance Plan 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>
Theme 7: Proposed timeframe for withdrawal of the benefit is insufficient.	<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 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"> <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> <i>Kaimahi will need to negotiate independently and individually with the insurers. We have arranged 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> <p><i>In addition to this, we have extended 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 date for withdrawal of the benefits (i.e. the date that coverage would cease) will therefore be 4 May 2023.</i></p>
Theme 8: Does this proposal meet the Code of Conduct? Is it Tika?	<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 Employees contribute to retaining the cover	<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>
Increase salaries / packages accordingly to cover and / or compensate for this change.	<i>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>
Retain at least some of the cover or replace with health insurance.	<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 income protection and life insurance policies due to the policy ownership complexities, as well as the financial impact of retaining it.</i></p>
Grandparent the scheme for existing employees	<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>

