

A New Zealand Income Insurance Scheme

Wise Group response

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Key messages from the Wise Group

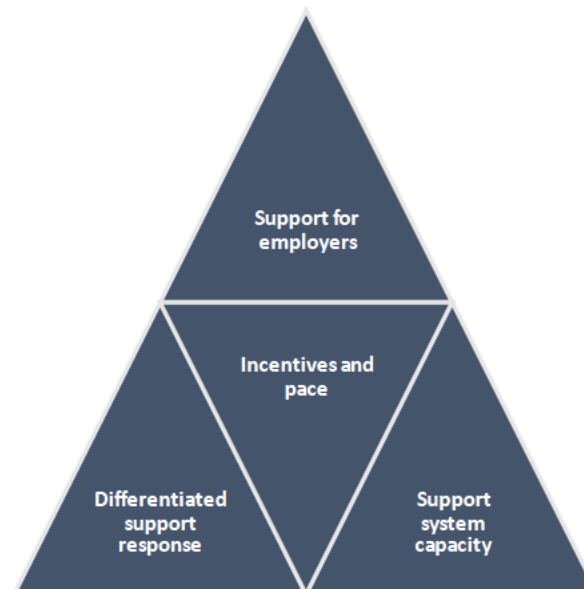
Our submission focuses on four critical changes to the proposed scheme which will support the promise of the Income Insurance Scheme (“the scheme”) realising the desired impact.

These changes are interdependent and interconnected. Our proposed areas for change are: (1) Incentives and pace; (2) A differentiated support response; (3) Support for employers; and (4) Growing and strengthening the non-financial support system.

Our submission also focuses on the importance of guiding the design and implementation of the scheme through a series of principles, and we have provided a set of suggested principles.

In response to our submission feedback, if you were only to change two things, these would be:

1. The **incentives and pace** in the first three months of the members accessing the scheme for support. Easy scheme access would build member confidence that help is available and sets clear expectations that members can move, with support if needed, into similar level of employment.
2. Set the expectation from the outset to the board and managers of the scheme the need to **grow and strengthen the non-financial support system**.



For further information or for a discussion about our response, please contact - Dr Helen Lockett, Strategic Policy Advisor, Wise Group. Email: [Privacy of natural persons](#)

Introduction

The Wise Group welcomes the opportunity to respond to the discussion document on the New Zealand Income Insurance Scheme (the scheme).

Our submission is written from the perspective of being a provider of support and care for New Zealanders experiencing mental health, addiction, and disability challenges.

The Group is one of the largest community (non-government) providers in New Zealand's mental health and addiction sector and supports thousands of people experiencing mental health and addiction challenges every day. The Group has been active in the sector for more than 30 years and employs close to 1,500 people nationwide. For more information about the Wise Group go to www.wisegroup.co.nz

The introduction of ACC to New Zealand transformed the fundamental culture and approach to the consequences of accidental injury. Over time the scheme has also been a service backbone to supporting people with a range of needs including supporting the creation of a capable and distributed injury prevention and treatment sector.

We consider the introduction of a New Zealand Income Insurance Scheme can be as transformational as the introduction of the ACC scheme was.

We are heartened by the proposal to introduce the scheme. It is an opportunity to change the outcomes for people who lose their jobs through no fault of their own, and to change the culture of how we get ready for and respond to unexpected job loss.

At the heart of the scheme is a commitment to Aotearoa's kaupapa of practical care for one another.

We think the scheme can improve and enhance New Zealand's capacity and resilience to unplanned job change and development. In addition, the scheme will extend the access for employed New Zealanders to a stronger degree of financial support when they need it most.

In the absence of a national scheme, the Wise Group for the past 20 years has provided an income protection scheme through AMP insurers for our employees, which provides continuation of their income in the event they are unable to work due to illness or accident. Over the lifetime of the policy (20 years) the total number of claims accepted is 110, with an average number of claims each year of 5.8. The average age of employees making a claim was 50. With the youngest employee being 23 and the oldest 65.

Whilst the AMP scheme covers mental as well as physical health issues, we have observed that the length of time to consider and accept a mental health related claim is considerably longer than a physical health claim (at least double the time if not more) and multiple requests for additional information are not uncommon.

The proposed scheme must offer fair cover regardless of the nature of illness keeping an employee from being able to work and ensure that the following are integrated into the principles underpinning the scheme:



- Criteria requirements are no different between mental health and physical health claims.
- Employees are supported financially while unable to work and can access a number of other non-financial support mechanisms that will assist them in returning to the workplace as soon as practicable.

Given the economic, technological and social changes to the future of work the scheme needs to be one that is sustainable, can respond to catastrophic industry, national and international level changes (e.g. COVID), and to strengthen the capability of the system of support for employers and employees to be ready for change.

Unexpected job loss has consequences for individuals, whānau, companies and for New Zealand - personal income loss, community impacts, and national productivity loss. The scheme can make us more resilient and stronger.

However, we consider there are a set of changes needed to fully realise the potential of the scheme.

The aim of the changes we are proposing are to:

- improve the affordability of the scheme,
- create clear expectations that the purpose of the scheme is to support people to move back into employment with minimal loss of income or future potential income,
- to strengthen the capability of New Zealand businesses to manage change and,
- to strengthen the system of work-focused health care to employees and workers.



Principles-led

The Wise Group believes that the following set of principles could drive the design and delivery of the scheme. A clear statement of principles will help build a service approach aligned to clear scheme objectives and shape a core culture of service delivery.

Suggested principles

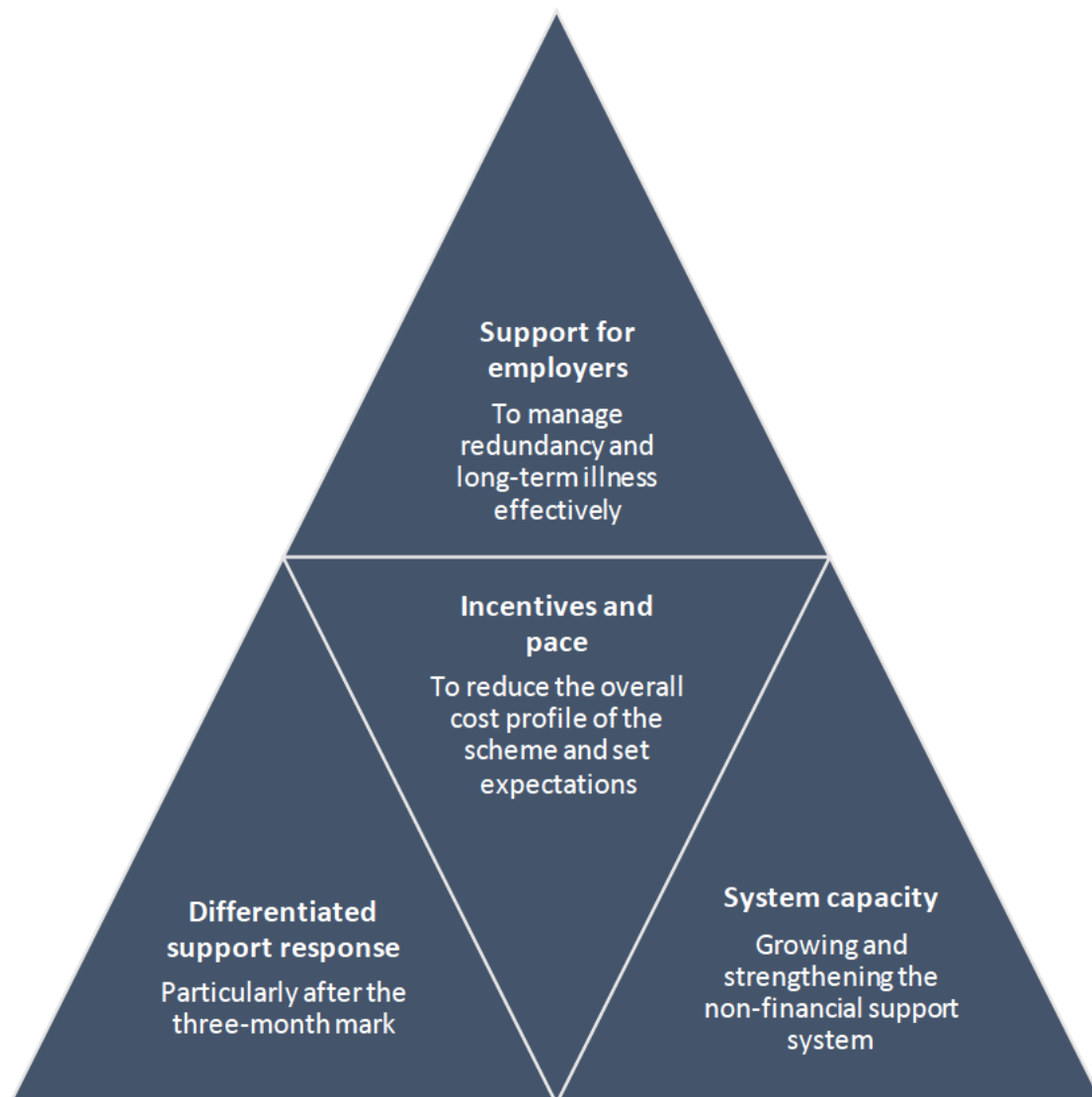
1. Everyone who pays into the scheme is a **member, whānau**, so our first response, when someone loses their job through no fault of their own, is to say - *"How you going? Here's how we can help"*.
2. **Confidence** that scheme members, with the right support, can get back to work quickly (*the problem is the job loss not the person*).
3. **A range of services and supports** – financial and non-financial to support people in a way that matches their needs – online and in person. Money mitigates financial loss but does not always solve the problem.
4. We **operate with kindness and care** - members have lost their job through no fault of their own.
5. That the scheme is committed to fair cover regardless of the nature of illness that is keeping an employee from being able to work.
6. We **support employer** members to be ready to manage the sometimes difficult process of redundancy or long term employee illness.
7. We **partner** with organisations, people and networks to ensure that help is culturally-led and available early, locally, and 24/7.
8. That **work is an important positive** part of peoples' lives and fundamental to wellbeing.
9. Hallmarks of the scheme could be: **trust, flexibility, simplicity**.



Suggested scheme changes

To realise these principles, the Wise Group considers there are four major changes to the design of the scheme. These changes are interdependent and interrelated, and we consider they will support the realisation of the full benefits of members' investment in the scheme.

The changes are: (1) Incentives and pace; (2) Differentiated support response; (3) Support for employers; and (4) Growing and strengthening the non-financial support system.



1. Incentives and pace

The first change will reduce the anticipated cost of the scheme, without reducing the effective benefits for scheme members.

- We think that the scheme could be redesigned to enable easy, simple access in, and at the same time creating an expectation that return to work is possible and can be achieved, for most, within three months.
- Our extensive experience from supporting people who have experienced long term job loss or who have never had a job and have mental health and addiction challenges is that at least 50 per cent can, with the right support services, return to work within three months.
- The focus in the first three months is return to work, therefore the only criteria for scheme entry is based on losing a job through no fault of your own, whether that be redundancy or illness.
- There would be no strings to financial support other than an expectation of letting the scheme managers know when the member has secured employment.
- This expectation setting will also we believe, reduce the cost of the scheme which is significant.

2. Differentiated support response

A range of services are needed to help people return to work in the right way, at different times.

- In the first three months all members of the scheme can easily access non-financial support online or via existing community support services. These support services should be able to operate at scale and be available 24/7. Initially many of these services and information will be available online. For example, over 40,000 Kiwis are already using [Just a Thought](#), New Zealand's free evidence-based cognitive behavioural therapy (CBT) online and similarly the free online structured problem-solving tool, Le Va's [Aunty Dee](#).
- At the three-month mark for members who have not yet moved into employment, we propose this is the point for a more extensive assessment of support needs and goal setting. After which more in-depth service offering can be provided. Examples of services include online and face-to-face work-focused therapy, tailored career counselling and employment support. These support services are available in New Zealand but are not yet available consistently across the country.
- At the three month point access to income support continues if required.
- Access to a more intensive personalised support may also be triggered if a member wishes to access this earlier than three months.



3. Support for employers

Health conditions, physical and mental, are very common amongst employees (for example, one in five workers at any one time will be experiencing mental health conditions). Workplaces are therefore dealing with health issues and their consequences daily.

- It is crucial that there is support available for employers to manage redundancy and long-term sickness well.
- Our experience and research is that a constructive and well managed redundancy process improve the outcomes for the individuals and whānau affected.
- NZ employers can access support for managing mental health in the workplace, for example Blueprint for Learning's MH101 and the Mental Health Foundation's Working Well programme, but unlike other countries New Zealand has not developed a centralised resource for employers to access information and support for managing mental health at work. For example, Mindful Employer (Canada, UK, Australia) and Mental Health at Work (UK standards, resources and toolkits for employers).
- Support for employers could focus on planning and creating readiness in the case of large-scale redundancy to enable the support services and scheme to be ready to act and to improve outcomes from the redundancy.
- Given the nature of businesses in New Zealand this service may also look to provide support for business owners for whom the redundancy is personal.
- This service should be a mix of online informational learning and guidance. Direct personalised support may also be provided.

4. System capacity – growing and strengthening the non-financial support system

- To increase the impact of a fund of this scale on the wellbeing and productivity of New Zealand businesses and employees the scheme needs to play a part in growing and strengthening an efficient and effective support provider system.
- From the outset, the responsibilities of the scheme should include the development of the provider system so that the care and support provided is of high quality, effectively delivered and at a scale to be able to respond to the needs of the future.
- The current service capacity in the health and disability space is insufficient to meet the current needs and will have limited capacity to meet the scheme's support needs without targeted investment. The health and disability system reforms which aim to create integrate health and employment support services can be enhanced and advanced by the contribution of the scheme.
- Our recommendation is that the scheme plays a key leadership role in growing and strengthening the provision of work-focused healthcare. Without this leadership from the scheme, we are not confident that work-focused health care services will be available for businesses across the country to match the diversity of the New Zealand workforce – particularly for Māori, Pacific people, and for people living in rural areas.

