Mentally Healthy Work context

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This chapter places Aotearoa New Zealand policies and practices on mentally healthy work in an international context in relation to the OECD Council *Recommendation on Integrated Mental Health, Skills and Work Policy* (OECD, 2015). This legal instrument recommends, and provides the detail on, a set of policy guidelines to improve the labour force participation of people with mental health issues.

The chapter begins with an overview of the Council Recommendation, focusing on Part III – guidance for workplace policy. This is followed by a summary of the subsequent OECD review of Aotearoa New Zealand's polices on mental health and work, particularly workplace policies (OECD, 2018).

Next, the key findings of the latest OECD report on mental health and work, *Fitter Minds, Fitter Jobs*, which monitors the implementation of the Council Recommendation across all member countries (OECD, 2021a) are presented. A series of good practice policy and practice examples from other member countries that may be of relevance to Aotearoa New Zealand are also introduced to showcase how policies can incentivise employers to identify and respond early to employees experiencing mental ill-health and keep connected with employees who become sick. This section then provides examples of countries that have prioritised the role of integrated policy leadership and also the emerging policies across OECD countries responding to changes in the intersection of mental health and work during the COVID-19 global pandemic.

Recommendation of the Council on Integrated Mental Health, Skills and Work Policy

In December 2015, the OECD Council adopted the *Recommendation on Integrated Mental Health, Skills and Work Policy* (the Recommendation) (OECD, 2015), with all OECD countries, including Aotearoa New Zealand becoming Adherents.

The premise of the Recommendation is that to address the increasing numbers of working-age adults with mental health issues who are recently or long-term unemployed, an integrated, planned, and intentional national policy response is needed across health and welfare systems, in schools and in workplaces. The Recommendation calls for silos in mental health and work policies to be broken down and replaced by integrated policymaking and service delivery which take into account the linkages between mental health with employment, education, social, and health factors.

Of particular relevance to mentally healthy work is Part III of the Recommendation, which calls for member countries "to seek to develop and implement policies for workplace mental health promotion and return-to-work in close dialogue and co-operation with the social partners". The Recommendation has four key priorities for action that policymakers should consider to promote mental wellbeing in workplaces and retain workers who experience mental health issues (OECD, 2015) (see Text Box 1). The guidance covers:

1. How employers manage mental health risks and address concerns when mental health issues arise for workers

2. How public campaigns combat discrimination towards people with mental health issues and can raise awareness of mental health and its relationship with work

3. How workers with mental health issues are reintegrated into the labour market

4. How sickness leave policies help or hinder people with mental health issues

Text Box 1.

Extract from the Recommendation of the Council Part III. Improving mental health promotion and return-to-work

"III. Recommends that Adherents, in close dialogue and co-operation with the social partners, seek to develop and implement policies for workplace mental health promotion and return-to-work. To this effect, Adherents should, as appropriate:

a) promote and enforce psychosocial risk assessment and risk prevention in the workplace consistent with applicable privacy and non-discrimination laws, with the adequate support of occupational health services, to ensure that all companies have complied with their legal responsibilities;

b) develop a strategy for addressing stigma, discrimination and misconceptions faced by workers living with mental health conditions at their workplace, with a focus on strong leadership, improved competencies of managers and worker representatives to deal with mental health issues, peer worker training, and active promotion of workplace psychological health and safety;

c) promote greater awareness of the potential labour productivity losses due to mental health conditions by developing guidelines for line managers, human resource professionals and worker representatives to stimulate a better response to workers' mental health conditions, covering ways to best assist those workers, including recognition and intervention with co-workers and advice on when to seek professional support, with due regard to personal privacy;

d) foster the design of structured return-to-work policies and processes for workers on sick leave, and their (prospective or current) employers, notably by promoting a flexible and gradual return to work in line with the worker\s improving work capacity, with the necessary work and workplace adaptation and accommodations, and by using or experimenting with fit-for-work counselling services with a strong mental health component;

e) encourage employers to prevent and address overuse of sick leave by facilitating dialogue between employers, employees, and their representatives and treating doctors as well as other mental health practitioners on how an illness affects the work capacity and how adjusted working conditions can contribute to a solution, with due regard to medical confidentiality".

OECD, 2015

Evaluating Aotearoa New Zealand's workplace mental health policies

In 2016, the Ministries of Health and Social Development requested an independent report from the OECD to evaluate Aotearoa New Zealand's approach to policy challenges in respect of the Recommendation and to support improvements in the labour market participation of people with mental health issues. The OECD review team worked alongside the Mental Health and Addiction Services Inquiry team and the resultant report, *Mental Health and Work: New Zealand* (OECD, 2018) was published at the same time as the report on the Inquiry findings, *He Ara Oranga*. This was to ensure a coordinated and complementary approach. In a Cabinet meeting in May 2019, the government accepted 18 out of 20 of the OECD's recommendations (Ministry of Health, 2019) alongside many of the recommendations in *He Ara Oranga*.

The OECD review acknowledged that Aotearoa New Zealand's current policies relating to mental health and work provide a good foundation on which to build, but that progress in this area has been slow. The report emphasised the importance of addressing systemic barriers, and the need for stronger cross-government leadership to enact change.

Specifically on workplace mental health policy, the OECD review highlighted that whilst Aotearoa New Zealand has developed a range of resources and tools to help build awareness, and support employers to manage mental health in the workplace, these are not enough and must be accompanied by relevant policies and legislation (OECD, 2018, p. 18). Based on these findings, the OECD suggested some actions, including the following:

- Enforce legislation through obligations for employers and sanction those employers that do not comply.

- Train WorkSafe New Zealand staff on psychosocial issues and strengthen its enforcement capacity.

- Share good practice across employers and employer networks.

- Widen access to Employee Assistance Programmes particularly to small and medium-sized businesses, and offer a single point of contact for guidance for employers on mental health matters.

- Increase the period of employer-paid sick leave to stimulate healthy workplaces and strengthen collection of data on sickness absence.

- Promote return to work strategies with mutual obligations for all actors. This should include existing employees, managers and new employees.

- Replicate the comprehensive ACC approach and process for cases of illness.

While an update on the implementation of these recommendations is beyond the scope of this chapter, there have been a number of developments in Aotearoa New Zealand since the 2018 review. The report's recommendation to extend the period of employer-paid sick leave was implemented, with the period of employer-paid sick leave doubled from five to 10 days in July 2021. This brings the duration of paid sick leave available to employees to levels comparable with OECD countries. Further efforts to collect data from employers on the incidence of sickness absence[1] and promote return-to-work strategies are, however, still needed.

The role of WorkSafe in relation to mentally healthy workplaces has also been strengthened since the 2018 review, and employer networks are also promoting and sharing good practice, most notably the Business Leaders' Health and Safety Forum (see Guidance on 'Protecting Mental Wellbeing at Work' and the CEO Guide Mental Health & Wellbeing (Business Leaders' Health and Safety Forum, 2021)). The Mental Health Foundation have developed a guide on creating mentally healthy workplace environments for Māori (Mental Health Foundation, 2022) and the Government Health and Safety Lead in May 2021 published *Creating mentally healthy work and workplaces: A guide for public sector health and safety leaders and practitioners*.

Whilst these policy developments are welcome, there remains room for Aotearoa New Zealand to make further progress in implementing policies to promote mentally healthy workplaces. This includes implementing legislation, enforcement and financial incentives that have been developed and used in other countries.

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1   Existing data on incidence of sickness absence do not cover the entire workforce. For example, the Southern Cross Health Insurance – BusinessNZ Workplace Wellness Survey, which is the largest survey of employers (covering both public and private sector) on health and wellbeing in Aotearoa New Zealand, found that the average rate of absence was 4.2 days per employee. The 2021 Te Taunaki | Public Service Census meanwhile, found that public service employees took on average 8.1 days of sickness absence per year.

Learning from other countries' approaches to mentally healthy work

Through 2020 and 2021, the OECD assessed the implementation of the Recommendation on Integrated Mental Health, Skills, and Work Policy across member countries. The findings – which are based on country responses to a policy questionnaire and indicators on the labour market and social outcomes of people with mental health issues – were published in a report in November 2021 (OECD, 2021a). While the report does not make country-specific findings, it finds that successful implementation of integrated policy and delivery remains the exception rather than the norm. The most progress has been made in youth mental health policy, whereas progress in workplace policies has been mixed, with policies to support the return-to-work of employees on sick leave particularly lacking.

OECD countries have a variety of policies to promote mentally healthy work, which provide useful insights for Aotearoa New Zealand and these encompass the following areas:

1. Supporting employers to pick up and respond early and effectively to employees experiencing mental ill-health

2. Incentivising employers to maintain connection with employees who are off sick

3. Policy leadership and prioritisation of mentally healthy work

4. Adapting mentally healthy workplace policies in a new era of work

Picking up and responding early and effectively
Many governments have a commitment to workplace mental health promotion and supports for employers to pick up and respond early to employees experiencing mental health issues. This is reflected within legislation requiring employers to look after both the physical and mental health of their employees, and governments to disseminate best practices and guidelines for employers on promoting mentally healthy workplaces. Financial incentives and other supporting measures for employers to support workers with mental health issues and provide access timely mental health treatment are also used across OECD countries.

OECD countries, including Aotearoa New Zealand typically have guidelines for employers on how to promote the mental health of employees. Canada's *National Standard for Psychological Health and Safety in the Workplace*, which was established in 2013, was one of the first national-level guidelines on mentally healthy work. Recent efforts on the Standard have focused on raising awareness of the interlinkage of mental health and work, and some preliminary evidence suggests that implementation of the National Standard may be contributing to reduction in incidence of sickness absence (OECD, 2021a). In England (United Kingdom), the National Institute for Health and Care Excellence (NICE), a body dedicated to developing evidence-based guidelines on public health, has released guidance on the promotion of mental health in the workplace (NICE, 2022).

Financial incentives and other supporting measures – including advice and counselling for employers – to promote employees' mental health are also used and often targeted at small- and medium-sized enterprises (SMEs). This is typically in recognition of the additional challenges faced by SMEs in promoting mental health in the workplace. In Japan, SMEs can apply for grants to implement mental health promotion plans and conduct so-called "stress checks". Since 2015, all employers with more than 50 employees have been required to conduct annual stress checks of their employees, which can be particularly challenging to implement for SMEs (OECD, 2021a). In Australia, the government launched a *Business Balance* initiative, which is providing funding to expand the availability of free training for small business owners and executives on mental health in the workplace (Australian Government, 2022). In the United Kingdom, a Wellbeing Premium trial was established in the West Midlands that provides grants to employers promoting wellbeing in the workplace, and the national government has since committed to testing a similar subsidy for SMEs (UK Government, 2021).

Maintaining connection with employees who are off sick due to mental health issues

A particular concern is the lack of support for employees on sick leave experiencing mental health issues. In many countries this appears to be the result of a lack of legal responsibility or incentives for employers to support return to work for their employees. As explained earlier, in Aotearoa New Zealand minimum sick leave entitlement was extended from five to 10 days per year in July 2021, although entitlements remain shorter than in some OECD countries such as Germany, the Netherlands and Switzerland. In Germany, sick pay continues for up to six weeks, while in the Netherlands, employers have to pay at least 70% of the previous salary for two years. Both the duration of employer-paid sick leave and the extent to which previous wages have to be covered affect the strength of the incentive for employers to remain in touch with their employees. In the United Kingdom, for example, while employers have to pay their employees on sick leave for up to 28 weeks, they are only required to pay the Statutory Sick Leave, while in France, employers contribute together with social security for sick pay, and thus only have to cover a minimum of 40% of the previous salary (Department of Work and Pensions, 2021).

A number of OECD countries, including Australia, Finland, Germany, the Netherlands, Norway and Sweden, also have policies that require employers to develop return-to-work plans for their employees on prolonged sick leave. For example, since July 2018, employers in Sweden have been required to prepare return-to-work plans within the first month of onset of sickness absence for employees who are not expected to return within two months. In the Netherlands, the well-established Gatekeeper protocol sets out that employers must agree to return-to-work plans with employees after eight weeks, and the employer has continued responsibility for monitoring the return-to-work process thereafter. In Australia, most states and territories require the use of return-to-work plans. Yet this alone does not translate to return-to-work plans being in place for all employees who are absent from work. In the 2021 National Return to Work Survey in Australia, only around two-thirds of workers absent from work reported having a return-to-work plan (67%), and the proportion was particularly low for individuals with a probable serious mental illness (55%) (Social Research Centre, 2022).
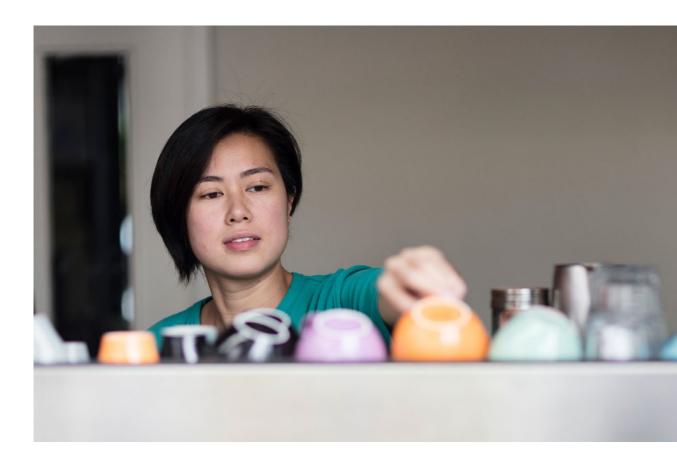
There are also examples of financial support available to employees on sick leave and employers to facilitate rehabilitation. Such incentives are often in place to reinforce or complement obligations placed on employers to promote early return-to-work. In the United Kingdom, employers can apply for an exemption of up to GBP 500 per employee from income tax for measures to support return-to-work after a period of injury or illness. In Sweden, employers can apply for grants from the Swedish Social Insurance Agency to subsidise the costs relating to providing workplace rehabilitation (OECD, 2021a). In other countries, competitive grants are provided. For example, in the state of Tasmania, Australia, organisations – including employers – can apply for a grant to implement innovative programmes to improve return-to-work outcomes (WorkSafe Tasmania, 2022).

Policies can also play an important role in facilitating phased return-to-work. Reforms such as those seen in Austria, Canada and Finland can help workers on sick leave due to mental health issues return to work in a flexible and gradual way. In Austria, for example, a new model to promote part-time return to work (WIETZ) was introduced in 2017, in which workers can work shorter hours while receiving financial protection. In Canada, since 2018, recipients of employment insurance such as mothers and individuals experiencing illness can continue to receive benefits as they gradually return to work (OECD, 2021a). In Germany, where phased return-to-work schemes have been in place for some time, evidence suggests that such schemes are particularly effective at reducing the duration of sickness absence for workers with mental health issues (Schneider et. al, 2016).

Policy leadership and prioritisation of mentally healthy work
A prerequisite for the implementation of policies to promote mentally healthy work is an overarching framework, strategy or plan that promotes an integrated approach to mental health, taking into account the interlinkages of workplace and mental health policy. Such emphasis can be seen in concrete targets set in national strategies in a number of OECD countries. In Czech Republic, the 2020 mental health plan includes a goal to reduce unemployment rates among individuals with mental health issues by 5% by 2024. In Japan, there is a target to ensure full coverage of mental health interventions and supports within workplace settings in the National Health Promotion Plan. Aotearoa New Zealand stands alongside a number of countries such as Germany and Italy with a specific emphasis on preventing work-related stress within its occupational health and safety strategy.

Policy leadership is also crucial to ensuring there is sufficient funding for policies to promote mentally healthy work. In a recent OECD survey, most countries reported not having dedicated mental health budgets for ministries other than the Ministry of Health (OECD, 2021b). Aotearoa New Zealand is one such country, with the country's first ever Wellbeing Budget in 2019 identifying mental health as one of the five key priority areas to improve the wellbeing of citizens. Whilst this resulted in significant funding to promote better mental health among young people including through investments in education and schools/mental health intersection, there appears to be less explicit recognition of the mental health and work intersection and mentally healthy workplaces.

The United Kingdom places a particularly strong emphasis on the intersection of mental health and work in its national strategies. The Work and Health Unit (WHU), a joint unit of the Department for Work and Pensions and Department of Health and Social Care, established in 2015, promotes a whole-of-systems approach to health, including mental health. Since the establishment of the unit, the two departments have jointly published two strategies on the intersection of health and work. This includes *Improving lives: The future of work, health and disability*, which sets out a 10-year strategy for the government for 2017–27 to improve the health and work outcomes for individuals with disabilities and health conditions (UK Government, 2017a). More recently, the two departments have jointly released *Health is Everyone's Business,* which focuses on how to support workers with health conditions, including mental health conditions, to remain in work and covers changes in the legal framework, sick pay arrangements and incentives to better support employers to stay in work. In 2017, the Prime Minister of the United Kingdom commissioned an independent review into the promotion of mental health in the workplace. The government accepted the recommendations from the review, which were published in *Thriving at Work: A review of mental health and employers* (UK Government, 2017b), including in the public sector, which resulted in the strengthening of mental health standards in the civil service.

Continuing to adapt and develop mentally healthy workplace policies in a new era of work

The COVID-19 global pandemic has had a significant impact on sickness absence, levels of labour market participation and mental health, as well as an impact on the way people work, and working arrangements. All these changes have implications for integrated policy on mental health, skills and work. Two trends are discussed in detail below: (1) The strengthening of employer-paid sick leave; and (2) Legislation to protect the mental health of employees working from home or remotely.

The COVID-19 pandemic has placed additional attention on the need to strengthen support for workers on sickness absence. While reforms were often already underway before the pandemic, it is notable that countries with inadequate paid sick-leave systems have strengthened employer responsibilities. In the Territory of British Columbia in Canada, the government introduced five days of employer-paid sick leave in January 2022, while in Ireland, the government announced in March 2022 that it would be phasing in employer-paid sick leave over a four-year period (Department of Enterprise, Trade and Employment, 2022). As outlined earlier, Aotearoa New Zealand also extended its duration of employer-paid sick leave from 5 to 10 days in July 2021. Given that mental health issues are among the most commonly cited reasons for sickness absence, such reforms could help to support employees with mental health issues to remain in work.

To limit the spread of the coronavirus, an unprecedented share of employees reverted to working remotely from home, aided by measures from governments and employers. While working from home may only truly be possible for one-third of jobs (OECD, 2020b), evidence suggests that employees have an increasing preference for a hybrid workplace, where they mix working from home with working in the office. This brings new complications for mental health, as working from home, while also bringing benefits, can increase risk of blurring of boundaries between work and the home, extended working hours, and detachment from the workplace.

To ensure that legislation keeps pace with the rise of remote work, many countries have introduced legislation to ensure workers have the right to disconnect outside working hours (OECD, 2021a). While such legislation existed in several countries before 2020, at least five OECD countries have introduced the right to disconnect since the onset of the pandemic at the national level (Greece, Ireland, Mexico, and Slovakia in 2021, Colombia in 2022), while it has also been introduced in Canada (in Ontario) at the sub-national level. The European Parliament has also called for the European Commission to propose legislation to introduce the right to disconnect, with mental health and work-life balance considerations a key driver (Eurofound, 2021). Implementing such legislation alone, however, may not be sufficient to ensure the right to disconnect. In one national survey of employees by a French trade union in 2021, where the right to disconnect was first introduced in 2016, a majority of employers (60%) did not have a system to ensure the right to disconnect (CGT, 2021). This is nonetheless a legislative change that the Aotearoa New Zealand Government may also find important, should the country also see a rise in the long-term prevalence of remote work and hybrid work.

Conclusion

Aotearoa New Zealand is well placed to build on and sustain the gains made from policies which support mentally healthy work. Most importantly this includes implementing legislation, financial incentives, and supporting measures particularly in relation to ensuring timely return-to-work of employees on sick leave. There are many good examples Aotearoa New Zealand can draw upon from other countries. In addition, the COVID-19 pandemic has, for all countries, exposed and shed light on existing gaps in workplace mental health policies. Notably, the lack of policies to minimise the mental health risks associated with remote work and changes to working patterns.

It is also crucial that Aotearoa New Zealand continues the implementation of integrated policy and delivery to address the interlinkages of mental health and work across workplaces, education, and the employment and health sector. The recently established Mental Health and Wellbeing Commission, now called Te Hiringa Mahara, may be able to provide the stewardship across government to support such an integrated approach. Now is certainly the time for concerted and collaborative action on mentally healthy work.

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