

## Home support travel payments 2015 and onwards – a summary

12 September 2014

Following a legal challenge in 2013, the Crown began negotiations with unions, employers and funding agencies to find a solution to the issue of travel between client trips. The result is an agreement which establishes set national payments for travel time and travel cost, as well as starting a comprehensive review of the home and community sector and a planned transition to a 'regularised' workforce.

The implementation of the Agreement is conditional on further assessment work to look at areas of uncertainty, for example the impact of not paying travel cost for the first visit. That assessment work is based on a principle that no employee is worse off overall. The implementation of the Agreement also needs ratification by a majority of participating employees, employers and funders. It also requires a comparable arrangement being negotiated with ACC, and agreement by all parties that the yet-to-be-drafted legislation is consistent with the Agreement.

### For the employee

From 1 July 2015 all qualifying employees will receive a travel time payment based on the minimum wage, for each client visit other than the first visit each day. That payment will accord with a nationally agreed schedule that groups postcodes into bands, averages the travel km/time in each band, and then applies the relevant proportion of the minimum wage to the average time. So the employee will receive a proportion of the hourly minimum wage based on the band for each of their client visits (other than the first visit each day). The travel time calculation is made on the minimum wage, not the employee's current hourly rate. Each payment for travel time will attract PAYE, annual leave, Kiwisaver and ACC levies.

From 1 March 2016 qualifying employees will be entitled to receive a minimum non-taxable allowance of 50c per km for each of the km specified in the bands that apply to the post codes of the clients they attend each day (excluding the first visit). If funding allows the settlement also provides for a further future rise to a minimum 60c per km from 1 July 2016. All employee contracts, collective, or individual, will have to change to comply with the settlement.

### For the employer

Before 30 June 2015 DHBs and MoH will pay qualifying employers a set fee that providers can use to partly offset the implementation costs eg of adjusting employee contracts, meeting with support workers and adjusting their IT systems.

From 1 July 2015 qualifying employers will pay employees for qualifying travel time, as per the model described in the paragraphs above. Employers will be able to receive payment from their funders for the amounts they are paying staff under the model. The amount they can invoice has been set in the agreement and it includes direct on costs and some overhead costs. From 1 March 2016 qualifying employers will pay their qualifying employees for mileage reimbursement a non-taxable allowance, of at least 50c per km for each of the km in the bands that apply to the post codes of the clients they attend each day (excluding the first visit). Providers will invoice funders for the mileage amount plus a set amount of administration cost on the mileage reimbursement. There will be variations to all contracts to allow and require these payments to proceed.

Employers have a responsibility to ensure that all of their employees have the opportunity to ratify the document before the end of November.

## Part B of the Settlement

Part B of the settlement agreement deals with a broader intent to 'regularise the workforce' and to review the Home and Community Health Sector. Included in this part of the settlement is a Director-General's Reference Group that will undertake a comprehensive analysis and response to the wider issues, including:

- levels of future demand
- complexity of future demand
- service changes and levels of funding required
- and any other system or environmental constraints associated with ensuring a sustainable home and community based support sector.

The aim is for regularised home and community based support workforce, within 24 months of settlement, which has:

- the majority of workers employed on guaranteed hours
- training to enable Level 3 New Zealand Certificate qualifications within two years of commencing work consistent with the service needs of the population
- wages paid on the basis of the required levels of training of the worker
- a case-mix/caseload mechanism to ensure the fair and safe allocation of clients to home care workers at a safe staffing level.

## Further Information

- The Ministry of Health and the Home and Community Health Association will contact employers, with more detailed information in the coming weeks.
- Employers and employees will have the opportunity to ratify the agreement in the next two months.
- The Home and Community Health Association will support its members in transitioning to the new system, including running member workshops on implementation, providing forms and guidance.
- Funders will be responsible for sending out the contract variation.
- Employers will be given copies of the travel bands when they have been completed, as well as further advice about the methodology for managing travel time and travel cost reimbursement.
- Part B will get underway promptly, with the establishment of relevant groups. Provider organisations and employees will have the opportunity to contribute their views and ideas to that process.

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