

KEMPSEY SHIRE COUNCIL

PURCHASED LEAVE SCHEME

Procedure 5.5.61

Policy No. and title	5.5	Conditions of Employment Policy
Procedure	5.5.61	Purchased Leave Scheme
Version	1	
Date Adopted	27 July 2011	

OBJECTIVES

To provide a flexible working opportunity to individual employees by enabling them the purchase of additional leave.

1 STATEMENT

Permanent full time and permanent part time employees may apply for additional leave. The employee must not have a current balance of more than five (5) weeks annual leave and their long service leave must have been exhausted at the last anniversary date prior to application.

Purchased leave is not an entitlement or right. Each case will be individually examined, based on its assessed impact on the operational needs of the unit, department and Council. In considering requests, arrangements for suitable alternative cover should be avoided to minimise the impact and cost of the service.

Effectively the individual is applying for leave without pay (LWOP) and spreading the cost of the LWOP over a period of time instead of incurring the cost all at one time. This means that the individual is foregoing a nominal amount of annual salary for additional leave (i.e. *purchasing* leave).

2 PROVISIONS

2.1 Introduction

The Purchased Leave Scheme enables employee to purchase additional leave (in addition to their annual leave and other entitlements), over a twelve (12) month period. The cost of the additional leave is spread over the twelve (12) month period. Employees may purchase additional periods of leave ranging from a minimum of one (1) week to a maximum of four (4) weeks during the twelve month period.

The scheme may be attractive to employees for family responsibilities, self development, study, career break or other commitments. An employee may, for example, apply for additional leave to cover some school holiday periods.

2.2 Implication on other Leave Entitlements

Employees must have used all long service leave during the previous twelve (12) month period before a request for purchased leave is approved. Current balance of more than five (5) weeks annual leave must have been exhausted at the last anniversary date prior to application.

Purchased leave may be taken in conjunction with other periods of leave, subject to the operational needs of the Council.

2.3 Approval

An employee may participate in the scheme only with the support of his/her manager. Each case will be considered based on its assessed impact on the operational need of the unit, department and Council. The Director will approve requests following recommendations from the unit Manager; however Council reserves the right to refuse a request for purchased leave at any time.

Participation must be for a period of twelve months. Participation beyond the specified twelve (12) month period is subject to further application and no precedent is set by previous approval of purchased leave.

Once approved, an employee's pay will be adjusted via payroll deductions to spread the purchase of leave over the year, which is 52 weeks. Purchased leave should be booked in advance and must be used within twelve (12) months after the agreed start date of the agreement with Council. Purchased leave may be taken in conjunction with other periods of leave.

Where purchased leave is not taken, the employee will be paid a lump sum amount of the total accumulated purchased leave salary deductions and their leave will be cancelled. This may impact on the success of future applications for the employee.

2.4 Financial Implications

The above arrangements are to assist staff to receive income whilst meeting personal commitments. Employees considering taking up the scheme are encouraged to seek independent financial advice of the impact of such arrangements on their superannuation, leave entitlements and taxation prior to committing to any arrangements made under this scheme.

2.5 Example

An employee who has approval to take an additional two (2) weeks leave would have their weekly salary reduced as follows:

Current weekly gross rate of pay for someone on Grade D Step 2	\$792.24
2 weeks Purchase Additional Leave at current rate = $\$792.24.00 \times 2$	\$1,584.48
Weekly pre-tax deduction to cover Additional Leave = $\$1,584.48 / 52$	\$30.47
Revised weekly taxable rate of pay = $\$792.24 - \30.47	\$761.77

If you require any additional information or clarification of the calculation and how it would affect you current pay details, please contact the Pay Office.

2.6 Superannuation

Council's 9% superannuation contributions will be based on the normal weekly rate inclusive of the Purchased Leave deductions. Superannuation contributions will not be made when taking the Purchased Leave as this has already been accounted for in the progressive weekly deductions during the 12 month period.

Any Retirement Scheme members interested in taking up the scheme should contact the Pay Office to discuss the implications to their superannuation.

Employees who are entering into the Purchased Leave Scheme must be aware that in doing so you are forgoing a part of your annual salary and hence forgoing the 9% of Superannuation for that proportion of salary.

2.7 The Scheme and Prospective Employees

Council will make prospective employees aware at the advertising stage via the job information package that such employment arrangements are possible. Approval will always only be for a twelve (12) month period. New employees may have the option to enter into the scheme after six (6) months continuous employment with Council.

2.8 Termination of Employment

Participation in the scheme will automatically be cancelled on resignation or termination of employment. Should an employee in the scheme resign during the specified twelve (12) month period, they will be paid the accumulated total of all purchased leave salary deductions as a lump sum. Excess leave taken will be deducted from the termination pay.

2.9 Withdrawal from the Purchased Leave Scheme

Once entered into, agreements cannot be altered within each twelve (12) month period other than under exceptional circumstances, and by agreement between the individual and the Director. The Director in liaison with the Human Resources Team Leader will make decisions concerning the withdrawal from the scheme in these exceptional circumstances.

Exceptional circumstances may include a person being declared unfit to work by a medical practitioner during a period of purchased leave or changed personal circumstances resulting in financial hardship.

Withdrawal from the scheme will result in the payment of the accumulated total of all purchased leave salary deductions as a lump sum.

3 PROCESS

3.1 Commencement of the Scheme

The Purchased Leave Scheme will be available to eligible staff from the date of this procedure being adopted.

3.2 Application

The Purchased Leave Scheme is entirely voluntary and it is up to the employee to generate an expression of interest. Where an employee wishes to apply for additional leave, they must complete the application form (*Attachment A*) and seek their Supervisor's and Manager's agreement. The application should then be forwarded to the Director for approval. The approval form should then be forwarded to the Human Resources Section.

The Human Resources Section will prepare a letter varying the terms of the employee's employment agreement to reflect the temporary changes in the employment conditions. The employee will be required to sign the agreement whereby repaying of any salary shortfall to Council will be made if they resign within the leave year. Purchased leave must be taken in periods of a minimum of one (1) week. The agreed dates of usage are to be arranged with the Manager.

Human Resources will send the letter varying terms of the employment agreement, signed by the employee, to the Payroll Unit for processing deductions.

4 IMPLEMENTATION

The Human Resources Section has the principal responsibility for implementing this policy by ensuring that a more flexible working opportunity for individual employees are provided by enabling purchase of additional leave, that is not an entitlement or a right and each case will be individually examined, based on its assessed impact on the operational needs of the unit, department and Council.

VARIATION

Council reserves the right to renew, vary or revoke this procedure which will be reviewed periodically to ensure it is relevant and appropriate.

PURCHASED LEAVE & AGREEMENT

APPLICATION & AGREEMENT FORM

Employee Name:		Employee No.	
Business Unit:		Department:	

USE THIS FORM TO APPLY FOR 1 – 4 WEEKS PURCHASED LEAVE	
Proposed number of weeks to be purchased:	
Weeks @\$ per week	Total Amount to repay \$
<i>N.B. Payroll Officer to complete weekly amount</i>	

Conditions of Purchased Annual Leave Arrangement	
<i>I agree to take all my purchased leave during the twelve (12) month period:</i>	
<i>Commencing:</i>	<i>and Ending:</i>
<i>returned</i>	<i>or accumulated credit will be</i>
<p><i>I understand that all Purchased leave can only be taken in weekly blocks and not single days.</i></p> <p><i>I agree to reimburse Council for any purchase leave taken if I cease employment with Council during the twelve (12) month period.</i></p> <p><i>I have read the Purchased leave Scheme Policy & Procedure and understand the requirements.</i></p> <p><input type="checkbox"/> I have read, understood and agreed to the above statements</p>	
Additional Information/Comments	
Employee Signature:	Date:

Approval	
Manager Comments:	Date: Signature:
Director Comments:	Date: Signature:

Human Resources/Payroll Information	
Letter & copy of form given to employee by HR: <input type="checkbox"/>	Date:
Signed Documents Sent to Pay Office: <input type="checkbox"/>	Date:
Pay Office – Processed by:	Week Ending:
Signature:	Date: