

PURCHASED LEAVE SCHEME (PLS)

Frequently Asked Questions

1. What is the Purchased Leave Scheme (PLS)?

The PLS is a core element of the Public Sector Unions Wages Agreement (PSUWA) 2012. It enables an employee to purchase nine days of additional leave per year and receive 10 days leave, which represents a salary reduction of 3.45 per cent.

2. What is the purpose of the PLS?

The PLS is designed to provide greater flexibility for employees to take additional leave and achieve a better work-life balance. It also provides the opportunity for agencies to improve productivity through improved leave planning and salary savings. The PSUWA 2012 emphasises the need for managers and employees to manage leave, including at clause 8.3 *"...plans to manage any outstanding accrued leave and adherence to recreation leave entitlements and obligations under the relevant Award."*

3. Who is eligible to apply to join the PLS?

Clause 5 of the PSUWA 2012 specifies that employees covered by the Tasmanian State Service Award (TSSA), the Health and Human Services (Tasmanian State Service) Award (HaHSA) and the Education Facility Attendants Salary and Conditions of Employment Industrial Agreement 2011 are the only employees eligible to participate in the PLS.

Employees who are covered by separate industrial agreements, whether or not they are linked to the TSSA or HaHSA, are not eligible to join the PLS, unless that award/agreement is specifically amended for that purpose. Discussions with the relevant union(s) will occur as these issues arise.

4. What is the timeframe for the PLS to operate?

The PSUWA 2012 is registered until 30 June 2013. The PLS is for a trial period of 12 months, and if successful may continue beyond 2013, even if it needs to be modified in some way.

The PSUWA 2012 is an industrial agreement registered under section 55 of the Industrial Relations Act 1984. A section 55 agreement continues in effect past its nominal expiry date until a party formally retires from it. This is usually because it is replaced by another agreement, but that may be some time after the nominal expiry date. Historically in the State Service it is unusual for a party to retire from a section 55 agreement.

It is likely that the PSUWA 2012 will continue beyond 30 June 2013. In the event that the PSUWA 2012 does not continue the parties will negotiate arrangements to transition out of

the PLS, so that employees who have joined the scheme are able to continue until the expiry of the 12 month period from the date they joined.

5. If I want to participate how long do I join for?

As stated above, the Agreement is in place for 12 months until 30 June 2013. An employee who wants to join can do so for the 12 month period from the first full pay period commencing 5 July 2012 until 4 July 2013 if you are covered by the TSSA or the Education Facility Attendants Salary and Conditions of Employment Industrial Agreement 2011. For employees covered by the HaHSA the 12 month period is from the first full pay period from 12 July 2012 until 11 July 2013.

However, an employee can join at any time during the life of the Agreement (up to 30 June 2013) for a period of 12 months. Also, an employee may join after July 2012 until the first full pay period in July 2013, that is, for part of the 12 month period. In this case the employee would accrue the relevant proportion of the purchased leave according to the rate of accrual.

The most important feature of an employee's participation is that the management of their leave is discussed and agreed with their manager. This includes the amount of purchased leave accrued and how and when it is taken so that this is managed consistent with the requirements of the workplace.

6. Does leave accrue each fortnight or is it a one-off credit at the end of the 12 month period?

Purchased leave accrues at the rate of 2.82 hours per fortnight for an employee who works 73.5 hours per fortnight and 2.91 hours per fortnight for an employee who works 76 hours per fortnight. Part-time employees accrue purchased leave in proportion to full time employment equivalence.

The maximum number of days that can be accrued is 10 days per year.

7. How can purchased leave be used by the employee? Can it be a single block of leave at the end of the 12 months or can it be broken up into individual days as and when required?

When discussing an application for the PLS managers and employees need to make reasonable and practical arrangements for leave management in the workplace. This could involve an employee taking the additional leave at an agreed time to avoid replacing the employee, or to prevent additional workloads and stress on other employees, or to enable deadlines and commitments to be met.

An employee who already has an excess leave balance will be required to commit to a timeframe to reduce that balance when joining the PLS.

It is expected that employees use the purchased leave accrued by the end of the first full pay period in July 2013, or the 12 month period of their participation, whichever is later. Due to the widely varied employment conditions this Agreement applies to it is recognised that it may not always be possible for employees to use all their purchased leave within the 12 month period of its accrual.

Purchased leave is to be managed and taken in the same manner as prescribed in the relevant Award for recreation or annual leave. In other words, the arrangements that apply to recreation/annual leave also apply to purchased leave.

8. Can purchased leave be taken in advance of accrual?

No, purchased leave can only be taken after it has been accrued.

9. Are any other aspects of my entitlements affected apart from my salary?

Yes, all aspects of your entitlements are affected except for overtime (because that may be to perform work that is not related to your own job) and projected shift penalties for shiftworkers. (Refer to question 15).

Wage related allowances (including first aid, testing and tagging, coxswain's certificate, diving and availability) and expense related allowances (including district and camp allowances) are prescribed rates and are unchanged.

Employees are encouraged to seek advice from the relevant service provider regarding the effects of the lower PLS salary on their eligibility and/or entitlements regarding Centrelink and social welfare payments, income protection insurance, taxation and any other matters which are related to the salary received.

10. What is the effect on my superannuation?

The superannuation effects are defined in clause 10 of the PSUWA 2012.

Employees are urged to obtain advice from their superannuation fund for specific details of the effect that participating in the PLS may have on their superannuation.

For members of the Retirement Benefits Fund (RBF) Contributory Scheme contributions are paid at the PLS rate but the Final Average Salary (FAS) is maintained as service is reduced to 96.55%, (through the benefit multiple factor), for a full-time employee.

This is the same method used for employees participating in the State Service Accumulated Leave Scheme (SSALS). This approach conforms to the requirements of an "accumulated leave scheme" as prescribed in the *Retirements Benefits Regulations 2005*. This approach

protects the FAS component, reflects the reduced contributions in the benefits paid and allows full benefits to be restored when withdrawing from either SSALS or PLS arrangements.

Employees who are members of the RBF Tasmanian Accumulation Scheme (and most other funds) will have their employer contributions paid at the PLS rate. The lower benefit an employee would receive is able to be restored through various options such as increasing personal contributions and salary sacrifice arrangements.

11. If an employee has a purchased leave credit at the end of 12 months will this be paid at the award salary?

Ultimately this depends on whether the PLS continues and if so whether the employee continues to participate in the scheme. The rate of payment for an employee who leaves the PLS with a credit is answered in Question 12 below.

There is little purpose in an employee joining the PLS and not taking that leave within the 12 month period. The number of instances of this occurring would be a factor in whether the Agreement is to continue beyond 30 June 2013.

Equally, for employees to join the PLS to accrue additional leave and then withdraw from it and seek to be paid at the award rate would also be significant in measuring the success of these arrangements.

The employee leave management plan should allow the purchased leave to be taken in the 12 month period.

12. What happens if an employee withdraws from the PLS with a purchased leave credit?

A minimum of 2 weeks' notice from the start of their next full pay period is required to withdraw from the PLS to allow payroll adjustments to be administered.

An employee who withdraws may not be able to rejoin until 12 months after the date of withdrawal.

The purchase leave credit should be taken as soon as possible. By agreement with the employee and the manager the purchased leave credit can be taken during the period the employee is withdrawing from the scheme. If this is not possible the purchased leave will be paid at the Award rate when the leave is taken.

13. If a part-time employee in the PLS works extra shifts at what rate are they paid?

A part-time employee whose contract of employment specifies they can be required to work additional hours, with appropriate notice, without this work being deemed as overtime is to be paid the ordinary time PLS rate, if the work undertaken is their normal work.

The award rate for overtime is paid for all additional hours or extra shifts worked by a part-time employee in the absence of an employment contract referred to in the previous paragraph.

14. On what grounds can an application to join the PLS be refused?

If an employee must be replaced by another employee (that is, an employee must be in the workplace performing the duties normally performed by the applicant while on leave) and the replacement employee would be paid overtime, then participation in the PLS must not be approved. The issue is whether it is the custom and practice to replace an employee on leave by paying overtime and if there is any reason to change that practice.

15. How does Payroll distinguish between the rates of payment for PLS leave and normal recreation, personal or long service leave?

All leave taken by an employee who participates in the PLS is paid at the PLS rate while in that scheme, except for the projected shift penalties paid to shift workers, see Question 17 below.

16. How does the State Service Accumulated Leave Scheme (SSALS) relate to the PLS?

An employee who is participating in the SSALS is also able to join the PLS, however an employee is not to reduce their SSALS arrangements by 10 days per year in order to join the PLS. All SSALS salaries are calculated on the PLS rates for employees who are in both schemes.

17. Does clause 9.11 discriminate against non-shift work employees as they receive leave loading at the PLS rate, while shift workers receive the award rate for their projected shift roster while on purchased leave?

A shift worker in the PLS buys an additional two weeks leave not only by having a lower salary but also by lower shift penalties, which reduces their take home pay by a greater proportion than that of dayworkers who do not have any penalty loadings. If a shift worker takes all recreation and purchased leave at the PLS rate they lose a greater proportion of their salary over and above that which applies to all other employees when on leave. Therefore, paying projected shift penalties for leave at the award rate helps offset what would otherwise be a disproportionate reduction in take home pay.

It is also a practical issue. It is very difficult to try to distinguish between normal recreation leave and purchased leave taken by a shift worker to pay either the award rate or the PLS rate. It would not be cost effective to try to keep track of what payment was due for which “aspect” of leave.

Projected shift penalties for recreation and purchased leave are to be paid at the Award rates, regardless of whether or not the shift worker has joined the PLS, unless, of course, if leave loading is greater.

18. How is the PLS going to be monitored for reporting purposes?

Agencies are required to record employees who participate in the PLS and those who are replaced when on purchased leave. Clause 11.4 of the PSUWA 2012 specifies the reporting dates and that clause requires the information to be current within the previous 14 days of those dates.

Agencies will be required to monitor the cost of replacing an employee who is absent on purchased leave. The agency will be required to assess whether the replacement cost, in whatever form, has resulted in cost savings and whether those costs are significant enough to exclude the employee from being counted as a participant according to sub-clauses 11.2 and 11.3 of the PSUWA 2012.

19. What are the criteria for paying the 0.5% productivity payment?

The productivity payment will be made on the later of either the first full pay period on or after 1 December 2012, or when the number of employees participating in the PLS reaches 2150. Employees who have joined the PLS and are then replaced when on purchased leave are not counted in this number of 2150. (Refer to Clause 11.3 of the PSUWA 2012 refers and Question 18 above).