



PURCHASED LEAVE GUIDELINES

1. SCOPE

The purpose of the Purchased Leave Guidelines is to provide guidance on the application of the Purchased Leave clauses:

- Clause 34(18) - Purchased Leave of the *WA Health System – Medical Practitioners – AMA Industrial Agreement 2016 (Medical Practitioners Agreement)*
- Clause 44 - Leave Options of the *WA Health System – United Voice WA – Hospital Support Workers Industrial Agreement 2017*
- Clause 26.22 - Purchased Leave of the *WA Health System Engineering and Building Services Industrial Agreement 2019 (Engineering and Building Services Agreement)*
- Clause 41 - Purchased Leave 42/52 Salary Arrangement of the *WA Health System – Australian Nursing Federation – Registered Nurses, Midwives, Enrolled (Mental Health) and Enrolled (Mothercraft) Nurses – Industrial Agreement 2018*
- Clause 49 - Purchased Leave – 42/52 Salary Arrangement of the *WA Health System – United Voice – Enrolled Nurses, Assistants in Nursing, Aboriginal and Ethnic Health Workers Industrial Agreement 2018*
- Clause 35.19 - Purchased Leave of the *WA Health System – HSUWA – PACTS Industrial Agreement 2018*
- Clause 24 – Purchased Leave – 42/52 Arrangement of the *Public Service and Government Officers CSA General Agreement 2017 (General Agreement)*

2. DEFINITION

A Purchased Leave Arrangement (“the Arrangement”) is a voluntary arrangement for employees who wish to purchase an additional number of weeks’ leave in lieu of wages per year. Refer to **Appendix A – Industrial Agreements** for the entitlement associated with the relevant occupational group. Purchased leave is additional leave “purchased” by setting aside a portion of ordinary fortnightly earnings to facilitate payment during the period of authorised absence.

Note: reference to ‘additional leave’, means purchased leave and not annual leave funded by the Employer.

3. OBJECTIVES

The Arrangement is designed to:

- provide eligible employees with an option to self fund an extra period of leave;



- assist employees to reconcile life and work interests/obligations or provide time to pursue sport, study, training or lifestyle options; and
- assist in the attraction and retention of valued employees.

4. ELIGIBILITY

The Arrangement is subject to operational requirements and is available to permanent full time and part time employees.

Employees engaged on a fixed term contract may negotiate, as a term of their contract, to take part in the Arrangement so long as the tenure is sufficient to cover the Arrangement. Casual employees are not eligible to participate in the Arrangement.

5. ABOUT THE ARRANGEMENT

Purchased Leave is additional leave “purchased” by setting aside a portion of wages to facilitate payment during the time it is taken.

The Arrangement requires 12 month’s participation (unless otherwise agreed between the employee and Employer), whereby an employee can agree to take reduced wages spread over 12 months and receive additional leave as per Appendix A.

6. ACCESS/APPROVAL

In order to access the Arrangement employees must make a written application in the manner prescribed by the Employer. An employee can do this at any time by completing an application form and submitting it to their supervisor or manager.

Accordingly, access to the Arrangement will be subject to approval by the Employer, taking into consideration operational requirements and the employee having met the requirements of the applicable Leave Management Policy.

Operational requirements include:

- availability of suitable leave cover, if required;
- cost implications;
- impact on client/patient service requirements;
- impact on the work of other employees; and
- the employee’s existing leave liabilities.

By submitting an application it is understood and agreed by the employee that the terms and conditions of the Arrangement, set out in these Guidelines apply to the Arrangement. Approval for an agreed period does not imply approval of any future periods. A new application must be submitted for approval for any subsequent 12 month period.

Purchased leave processes and decisions must be fully documented and satisfy the documentation requirements of these Guidelines. Completed applications must be filed on



the employee's personal file.

7. COMMENCEMENT OF THE ARRANGEMENT

Subject to an employee's application being agreed to, participation in the Arrangement will commence from the earliest practicable pay period. The starting date cannot be backdated and will be prospective only. For employees employed under the General Agreement, please refer to Appendix A for detailed commencement dates.

8. HOW THE ARRANGEMENT OPERATES

- Purchased leave will accrue on a pro-rata basis from the date of commencement of the Arrangement but may be taken in advance, subject to the Employer's approval provided that where purchased leave has been taken in advance the employee must reimburse the Employer for any leave taken in advance which is in excess of their entitlement at the date of cessation of employment.
- The amount of leave that can be taken at any one time and the commencement of such leave is subject to approval by the line manager taking into consideration operational requirements. Generally purchased leave should be accessed in minimum periods of one week. However, by agreement between the Employer and employee, purchased leave may be accessed in single days.
- Purchased leave must be taken within 12 months of commencing the purchased leave Arrangement. Employees covered by the General Agreement must take purchased leave by the 31st of December of the year that the purchased leave Arrangement commenced. Further requirements for employees covered by the General Agreement are detailed in Appendix A.
- Purchased leave will not accrue for more than 12 months. Any leave not utilised by the end of the accrual year will be paid out by the last pay period in that accrual year at the employee's current rate of pay. The lump sum payout will be taxed accordingly.
- On an administrative basis, the Director General may approve the accrual of purchased leave for more than 12 months where an application for purchased leave is within the framework of IC0086/11 – Community Leave Support, and is to enable an employee to undertake or participate in an approved local and/or international accredited aid program.
- In such circumstances the accrued leave will be taken at the rate at which the leave would otherwise have originally been paid out.
- Purchased leave cannot be used in substitution for annual leave, resulting in a carry-over and accrual of annual leave into the following year.
- In the event an employee's ordinary working hours are varied during the year, the amount paid at the time of taking the purchased leave and the amount paid for residual leave will be adjusted to take into account any variations to ordinary hours during the accrual year.
- In the event an employee takes any leave that affects their continuity of service, the purchased leave will be pro-rated and adjusted.



- Should an employee's substantive classification change on a permanent basis during the purchased leave Arrangement, the purchased leave deductions will be adjusted.
- Purchased leave will cease to accrue 12 months after the commencement date; therefore, an individual electing to join the purchased leave Arrangement will have until the end of that accrual year to clear the purchased leave.

9. CALCULATION OF SALARY AFTER PURCHASE LEAVE

The annual salary payable after purchasing leave will be paid at a pro-rata percentage rate, which can be calculated using the formula below. Annual salary is the gross base salary inclusive of commuted allowances according to the terms of the relevant Industrial Agreement.

Pro-rata Percentage Rate =

$$\frac{(\text{No. of weeks over which leave is purchased}) - (\text{no. of weeks of purchased leave})}{\text{No of weeks over which leave is purchased}} \times 100$$

Examples can be found at **Appendix A**.

10. EFFECT ON ALLOWANCES AND LEAVE ENTITLEMENTS

The effect of purchased leave on entitlements is detailed at **Appendix B - Purchased Leave – Effect on Entitlements**.

Employees are strongly encouraged to consider the impact of entering into the Arrangement on their allowances and leave entitlements and discuss with their Human Resource Department prior to applying to join the Arrangement.

11. WITHDRAWAL FROM THE ARRANGEMENT

By agreement between the Employer and employee, employees may withdraw from the scheme. This must be done in writing and submitted to the employee's manager or supervisor.

Participation will cease at the end of the next practicable pay period and the employee will revert to their normal rate of pay at the beginning of the next practicable pay period.

The purchased leave that has been funded will be paid out in one lump sum at the earliest possible time and taxed accordingly. Alternatively, the employee may apply for the accrued funded leave to remain as leave to be cleared within the current accrual year.

12. CESSATION OF EMPLOYMENT

If an employee resigns, retires or otherwise ceases their employment, the Arrangement will cease. The total value of the self-funded leave reduction will be calculated and that portion not already taken as leave will be paid to the employee in their final pay.

However, if an employee takes up employment in another public sector agency that has access to a purchased leave Arrangement, they may request to transfer their purchased leave. The continued application of the Arrangement is to be negotiated between the



employee and the new Employer.

If approved, transfer will proceed in accordance with TI 520 Transfer of Employees which provides for the portability of employee leave entitlements (including purchased leave) between agencies and specifies government policy in relation to the transfer of cash to the new Employer in respect of the transferred leave. Transfer includes promotion, redeployment or any other means of permanent transfer that may occur between agencies.

If agreement is reached between the employee and new Employer, the former Employer will pay to the new Employer the amount which the employee would receive if they had left the Arrangement and been compensated for the foregone wages.

13. FINANCIAL AND TAXATION ISSUES

Employees are strongly encouraged to seek independent financial, taxation and superannuation advice prior to applying to join the Arrangement.

14. SALARY PACKAGING

Employees who are salary packaging are able to continue to package up to the approved percentage of their reduced salary.

15. SUPERANNUATION

The impact on superannuation entitlements of a purchased leave Arrangement will depend on the nature of the employee's membership in the Government Employees Superannuation Scheme:

- ***Contributory Lump Sum Scheme (Gold State)***

Contributions and benefits are based on pre-reduction salary and will continue to be paid as such while an employee participates in the purchased leave Arrangement.

- ***Pension Scheme***

Contributions can be maintained at pre-reduction salary level and benefits can accordingly remain based on the pre-reduction salary. Provided the employee is contributing for not less than their optimum (Primary) unit entitlement prior to participating in the purchased leave Arrangement.

- ***Non Contributory Lump Sum Scheme (West State)***

Employer-sponsored superannuation contributions will be based on actual (reduced) salary. Members of the West State Superannuation Scheme, who withdraw from the purchased leave Arrangement, will have Employer contributions calculated on the cash salary received as a lump sum payment (where applicable).



Employees are strongly encouraged to seek advice about the implications for their superannuation prior to joining the purchased leave Arrangement.

The Government Employees Superannuation Board can also be contacted for further information.

16. WORKER'S COMPENSATION

Periods where employees are in receipt of approved workers' compensation payments are treated as *non-participatory service* for the purpose of the Arrangement.

During non-participatory periods employees will be paid at the rate they would receive if not participating in the scheme (i.e. as per the conditions of the *Workers' Compensation and Injury Management Act 1981*). If the period is unpaid leave, no salary will be paid.

Where a period of approved workers' compensation exceeds 6 months participation in the Arrangement will cease. Payment of the accrued salary will be made in one lump sum at the earliest possible time and taxed accordingly.

17. IF YOU HAVE A QUERY

Employees who have any queries are to contact their supervisor or manager. Supervisors or Managers with queries should contact their Human Resource Department.

18. SUPPORTING DOCUMENTS

A Purchased Leave application form is accessible from [Health Point](#).

The Industrial Agreements are available in the [Awards and Agreements library](#)

19. RELATED DOCUMENTS

The WA Health Management of Accrued Leave Policy – MP 0100/18 is located under the [Employment Policy Framework](#).



Appendix A – Industrial Agreements

Up to four weeks’ additional leave

The following industrial agreements provide for employees to take reduced wages spread over 12 months and receive up to 4 weeks’ additional leave.

- WA Health System – Medical Practitioners – AMA Industrial Agreement 2016
- WA Health System – United Voice WA – Hospital Support Workers Industrial Agreement 2017

The arrangement can be as follows:

Number of weeks wages spread over 52 weeks	Number of weeks purchased leave
48 weeks	4 weeks
49 weeks	3 weeks
50 weeks	2 weeks
51 weeks	1 week

EXAMPLE - calculation of salary after purchasing leave:

FORMULA	EXAMPLE
1) 4 weeks’ leave purchased over 52 weeks: $\frac{52 - 4}{52} \times 100 = 92.31\%$	If the gross base salary of a Registrar Yr 3 is \$143,314 per annum as from the 1 st pay period on or after the 1st October 2018 then after purchasing 4 weeks’ leave over 52 weeks, the gross base salary will be reduced to: 92.31% of \$143,314 = \$132,293 per annum
2) 2 weeks’ leave purchased over 52 weeks: $\frac{52 - 2}{52} \times 100 = 96.15\%$	If the ordinary rate of pay for a PCA L3/4 yr 3 is \$52,317 per annum, as at 5 th December 2018 then after purchasing 2 weeks’ leave over 52 weeks, the ordinary rate of pay will be reduced to: 96.15% of \$52,317 = \$50,303 per annum



Up to eight weeks' additional leave

The following industrial agreement provides for employees to take reduced wages spread over 12 months and receives up to 8 weeks' additional leave.

- WA Health System Engineering and Building Services Industrial Agreement 2019

The arrangement can be as follows:

Number of weeks wages spread over 52 weeks	Number of weeks purchased leave
44 weeks	8 weeks
45 weeks	7 weeks
46 weeks	6 weeks
47 weeks	5 weeks
48 weeks	4 weeks
49 weeks	3 weeks
50 weeks	2 weeks
51 weeks	1 week

EXAMPLE - calculation of salary after purchasing leave:

FORMULA	EXAMPLE
1) 8 weeks' leave purchased over 52 weeks: $\frac{52 - 8}{52} \times 100 = 84.62\%$	If a Hospital Maintenance Technicians L5 ordinary rate of pay is \$58,903 per annum as at 1 st January 2019, then after purchasing 8 weeks' leave over 52 weeks, the ordinary rate of pay will be reduced to: 84.62% of \$58,903 = \$49,844 per annum
2) 2 weeks' leave purchased over 52 weeks: $\frac{52 - 2}{52} \times 100 = 96.15\%$	If a Hospital Maintenance Technicians L5 ordinary rate of pay is \$58,903 per annum as at 1 st January 2019, then after purchasing 2 weeks' leave over 52 weeks, the ordinary rate of pay will be reduced to: 96.15% of \$58,903 = \$56,635 per annum



Up to ten weeks' additional leave

The following industrial agreement provides for employees to take reduced wages spread over 12 months and receives up to 10 weeks' additional leave.

- WA Health System – Australian Nursing Federation – Registered Nurses, Midwives, Enrolled (Mental Health) and Enrolled (Mothercraft) Nurses – Industrial Agreement 2018
- WA Health System – United Voice – Enrolled Nurses, Assistants in Nursing, Aboriginal and Ethnic Health Workers Industrial Agreement 2018
- WA Health System – HSUWA – PACTS Industrial Agreement 2018
- Public Service and Government Officers CSA General Agreement 2017

The arrangement can be as follows:

Number of weeks wages spread over 52 weeks	Number of weeks purchased leave
42 weeks	10 weeks
43 weeks	9 weeks
44 weeks	8 weeks
45 weeks	7 weeks
46 weeks	6 weeks
47 weeks	5 weeks
48 weeks	4 weeks
49 weeks	3 weeks
50 weeks	2 weeks
51 weeks	1 week

EXAMPLE - calculation of salary after purchasing leave:

FORMULA	EXAMPLE
1) 4 weeks' leave purchased over 52 weeks: $\frac{52 - 4}{52} \times 100 = 92.31\%$	If the ordinary rate of pay for an RN L1.8 is \$87,452 per annum, as at 12 th October 2018 then after purchasing 4 weeks' leave over 52 weeks, the ordinary rate of pay will be reduced to: 92.31% of \$87,452 = \$80,726 per annum



2) 2 weeks' leave purchased over 52 weeks: $\frac{52 - 2}{52} \times 100 = 96.15\%$	If the ordinary rate of pay for an EN L3 is \$62,758 per annum, as at the 7 th October 2018 then after purchasing 2 weeks' leave over 52 weeks, the ordinary rate of pay will be reduced to: 96.15% of \$62,758 = \$60,342 per annum
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For Public Service and Government Officers CSA General Agreement 2017, the Arrangement operates between 1 January and 31 December each year with quarterly commencement dates. An employee will need to apply to join the Arrangement in advance of the effective starting dates, which will be as follows:

Starting Date	Number of months that salary is spread over	Maximum purchased leave permissible
1 January	12 months	Up to 10 weeks
1 April	9 months	Up to 7.5 weeks
1 July	6 months	Up to 5 weeks
1 October	3 months	2.5 weeks

- An employee who has purchased nine or ten week's leave is required to take one or two week's annual leave, whichever applies, before accessing their purchased leave.
- The Employer may allow an employee to access purchased leave before they have accessed one or two week's annual leave, whichever applies, where the employee requests it.



APPENDIX B – Purchased Leave – Effect on Entitlements

Annual Leave	Annual leave taken during the operation of the Arrangement is paid at the reduced rate.
Annual Leave Travel Concession (ALTC)	The ALTC is accessible to employees during the operation of the Arrangement.
Annual Leave Loading (ALL) <i>(not applicable to Engineering and Building Agreement or Medical Practitioners Agreement)</i>	ALL is not paid on purchased leave.
Commuted Allowances <i>(only applicable to the General Agreement)</i>	When a commuted allowance is paid as an annual amount or percentage of salary and paid per fortnight, employees will receive the allowance at the reduced rate and during periods of purchased leave.
Long Service Leave (LSL)	Long service leave taken during the operation of the Arrangement is paid at the reduced rate. The accrual of LSL for employees under this Arrangement is not affected.
Personal Leave (Sick Leave)	Personal leave taken during the operation of the Arrangement is paid at the reduced rate. Employees cannot substitute personal leave for illness or injury when on purchased leave.
Parental Leave	Paid parental leave taken during the operation of the Arrangement will be paid at the reduced rate. In order to access any period of unpaid parental leave, employees will need to withdraw from the Arrangement.
Other leave entitlements: e.g. bereavement, carers, cultural and study leave.	Employees have no entitlement to other forms of paid leave such as bereavement, cultural and military leave while on purchased leave.
District Allowance	Employees shall only be paid district allowance for the period of the purchased leave if the employee, dependant/s, or partial dependant/s remain in the district in which the employee's headquarters are located.
Shift Penalties, On Call, Availability and Standby Allowances	The shift work and on call allowances are compensation in addition to the normal salary and are payable at the rate specified in the award or agreement.



	Where these allowances are referred to as a flat hourly rate or as a percentage of salary they are not calculated on the reduced rate.
Higher Duties Allowance (HDA) Temporary Special allowance (TSA)	The payment employees receive is the difference between the substantive salary and the salary the employee would receive if permanently appointed to the acting position under the Industrial Agreement. HDA and TSA is not paid on purchased leave.
Overtime	Overtime is paid at the normal substantive salary not the reduced rate. This will also apply where overtime is referred to as a percentage of salary.
AMA Professional expenses, professional development and private practice allowance (<i>only applicable to Medical Practitioners Agreement</i>)	Paid at a reduced rate. Payments such as facilities fees, administration costs and medical defence premiums are not reduced.