



Government Sector Labour Relations

Shaping a contemporary government sector workforce

Circular

Circular 8/2021 - Purchased Leave Guidelines

1. Introduction

This circular replaces *Circular to Departments and Authorities No. 3 of 2005* and provides guidance material on the implementation of purchased leave arrangements in the Western Australian public sector.

There are two main types of purchased leave arrangements: 42/52 arrangements and deferred salary arrangements. A 42/52 salary arrangement enables eligible employees to purchase up to ten additional weeks of leave per year by receiving a reduced salary rate over 52 weeks of the year. A deferred salary arrangement allows employees to reduce their salary by 20% over four years and take paid leave in the fifth year at 80% of their salary.

The circular is to be read in conjunction with the appropriate award or agreement provisions. If anything in this circular is inconsistent with awards or agreements, the award or agreement prevails.

Appendix 1 to this circular outlines the effect of purchased leave arrangements on other entitlements.

2. Eligibility for purchased leave

Public sector employees are eligible to apply for purchased leave arrangements as provided for in applicable awards and agreements.

A fixed term contract employee may take part in a 42/52 salary arrangement so long as the employee's tenure is sufficient to cover the arrangement and subject to employer agreement.

A fixed term contract employee engaged on a contract of five years may take part in a deferred salary arrangement subject to employer agreement.

Employees must satisfy the employer's accrued leave management policy prior to taking purchased leave.

3. Approval of applications for purchased leave

Employers should apply the principles of fairness, equity and timeliness when considering applications from employees. Each application is to be assessed on its merits and consideration given to the personal circumstances of the employee.

Approval is subject to operational requirements and leave management policies of employers. Approval for an agreed period does not imply approval for further periods of purchased leave.

Employers should encourage employees to seek financial advice before entering into purchased leave arrangements.

In the event of an employee's promotion, secondment or transfer within the public sector, continuation of existing purchased leave arrangements is subject to the operational requirements and

approval of the new employer. Employers will need to consider [Treasurer's Instruction 520](#) regarding the transfer of funds.

4. 42/52 salary arrangements

A 42/52 salary arrangement is to run over a calendar year. New participants can join the arrangement effective from the beginning of each quarter (1 January, 1 April, 1 July and 1 October) on a proportionate basis. For example, an eligible employee commencing a 42/52 salary arrangement on 1 July is entitled to purchase up to five weeks of leave in that calendar year.

Purchased leave should be taken in minimum periods of one week. However, by agreement between the employer and the employee, purchased leave may be accessed in single days.

If an employee's hours of work vary during a calendar year qualifying period, the salary paid on purchased leave will be affected. Any adjustment should be made on the last pay in February of the following year.

A 42/52 salary arrangement ends on the termination of employment or withdrawal from the arrangement by an employee in accordance with the relevant provisions of the award or agreement.

Employees who have purchased leave and have not accessed the full entitlement can withdraw from the arrangement effective from the end of each quarter (31 March, 30 June and 30 September).

Purchased leave does not accrue and any portion of unused purchased leave is paid out in the last pay period in February of the following year.

An employer is to recoup from employees any unearned portion of purchased leave taken. For example, if an eligible employee has purchased 10 weeks of leave and taken the full amount prior to terminating their employment on 30 June, the employer is to recoup the five weeks of unearned purchased leave. Pay adjustments are to be made no later than the final pay period in the following month.

5. Deferred salary arrangements

Employees are entitled to the salary rate applicable at the end of the fourth year irrespective of the dollar amounts deducted over the four years. There are no restrictions as to the time of year employees may join a deferred salary arrangement.

If an employee's hours of work vary during the four-year qualifying period, the entitlement in the fifth year of the arrangement will be affected. An employer must ensure that an employee is advised about the effects on their pay when considering a variation of hours.

A deferred salary arrangement ends on the termination of employment or withdrawal from the arrangement by an employee in accordance with the relevant provisions of the award or agreement. Employees are to be paid out all salary forgone during the period of the deferred salary arrangement to the time of termination or withdrawal as soon as practicable. This also applies in situations where employees are granted an early return to work in the fifth year.

During the fifth year of a deferred salary arrangement, employees must seek employer approval to engage in secondary employment. Employees cannot engage in secondary employment with the employer during the fifth year.

Purchased leave may not be taken in advance during a deferred salary arrangement.

Suspending a deferred salary arrangement

Up until the end of the fourth year, a deferred salary arrangement can be suspended by agreement between the employee and employer for a maximum of six months. Commencement of the fifth year should be delayed by the same amount of time. Alternatively, if the commencement date of the fifth year is not delayed, the salary paid in the fifth year is to be proportionally reduced.

Employees participating in an arrangement who take parental leave may, by agreement with the employer, temporarily suspend the arrangement for a maximum of 12 months. During periods of suspension, employees are to be paid 100% of the applicable salary.

To discuss how this circular applies in specific circumstances, employers can contact their [Labour Relations Adviser](#) or email gslr@dmirs.wa.gov.au



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Effect of purchased leave on other entitlements

Annual Leave	<p>All annual leave taken during the operation of a purchased leave arrangement is paid at the reduced rate.</p> <p><u>Deferred salary arrangement:</u> In the fifth year of the arrangement, the annual leave entitlement of four weeks is absorbed in the 12 months paid leave arrangement. Annual leave credits should be debited by four weeks in the fifth year.</p>
Annual Leave Travel Concession (ALTC)	<p><u>42/52 salary arrangement:</u> ALTC is accessible to employees during the operation of the purchased leave arrangement.</p> <p><u>Deferred salary arrangement:</u> ALTC is available to employees during the fifth year of the arrangement where employees have qualified for an ALTC. At the completion of the arrangement, the fifth year is excised from the qualifying period to access the next ALTC.</p>
Annual Leave Loading (ALL)	<p><u>42/52 salary arrangement:</u> ALL is paid at the reduced rate on all annual leave during the arrangement. ALL is not paid on the portion of leave that is purchased.</p> <p><u>Deferred salary arrangement:</u> ALL is paid on annual leave, including on the fifth year of the arrangement. ALL should be paid in the first four weeks of the fifth year.</p>
Long Service Leave (LSL)	<p>All LSL taken during the operation of the arrangements will be paid at the reduced rate.</p> <p><u>42/52 salary arrangement:</u> The accrual of LSL for employees under the purchased leave arrangement is not affected.</p> <p><u>Deferred salary arrangement:</u> On resumption after the fifth year of the arrangement, the anniversary date for the LSL entitlement will be extended by 73 days. The fifth year of the arrangement is not considered to be a break in service.</p>
Personal Leave	<p>All personal leave taken during the operation of the arrangements will be paid at the reduced rate.</p> <p>Employees cannot substitute personal leave for illness or injury while on purchased leave.</p> <p><u>Deferred salary arrangement:</u> On resumption after the fifth year of the arrangement, the anniversary date for the personal leave entitlement will be extended by 73 days.</p>
Parental Leave	<p>Paid parental leave taken during the operation of the arrangements will be paid at the reduced rate.</p> <p><u>42/52 salary arrangement:</u> In order to access any period of unpaid parental leave, employees must withdraw from the arrangement.</p> <p><u>Deferred salary arrangement:</u> In order to access any period of unpaid parental leave, employees can suspend the arrangement for a maximum of</p>

	12 months. Paid parental leave is not accessible in the fifth year of the arrangement.
Public Holidays and Public Service Holidays in Lieu	<u>Deferred salary arrangement:</u> Employees have no entitlement to public holidays or public service holidays in lieu during the fifth year of the arrangement.
Other Leave Entitlements: e.g. Bereavement, Carers, Cultural and Study Leave	<u>42/52 salary arrangement and deferred salary arrangement:</u> Employees have no entitlement to other forms of paid leave such as bereavement, cultural and military leave while on purchased leave.
Salary/Service Increments	<p><u>42/52 salary arrangement:</u> Salary/service increment anniversary dates are not affected during the purchased leave arrangement. Any salary increment increases during the arrangement will be calculated at the reduced rate.</p> <p><u>Deferred salary arrangement:</u> No increments or salary increases are payable in the fifth year of the arrangement. During the fifth year of the arrangement, the anniversary date for service increments is extended by 73 days. Any salary increase commences on the resumption of work.</p>
District Allowance	<p><u>42/52 salary arrangement and deferred salary arrangement:</u> District allowance is to be considered in addition to an employee's salary and is payable at the standard rate during the arrangements. Employees will only be paid district allowance while on purchased leave if the employee, dependant/s or partial dependant/s reside in the district in which the employee's headquarters are located.</p> <p><u>Deferred salary arrangement:</u> If employees do not reside in the district during the fifth year of the deferred salary arrangement, they will not be paid the district allowance.</p>
Shift Penalties, On Call, Availability and Standby Allowances	<u>42/52 salary arrangement and deferred salary arrangement:</u> Shift penalties, on call, availability and standby 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 percentage of salary, they are to be calculated on the substantive salary rate.
Higher Duties Allowance/Temporary Special Allowance	<u>42/52 salary arrangement and deferred salary arrangement:</u> Higher duties allowance/temporary special allowance is calculated on the difference between the substantive salary and the standard salary of the acting position as per the award or agreement. Higher duties allowance and temporary special allowance are not paid on purchased leave.
Commutated Allowance	<u>42/52 salary arrangement and deferred salary arrangement:</u> 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 including during periods of purchased leave.
Overtime	<u>42/52 salary arrangement and deferred salary arrangement:</u> Overtime is paid at the standard rate and not at the reduced rate on the arrangements. This will also apply where overtime is referred to as a percentage of salary.