

Cashing out of annual leave

Policy Number: C74 (QH-POL-196)

Publication date: June 2020

Purpose: To outline the arrangements for cashing out of annual leave in Queensland Health.

Application: This policy applies to employees of Queensland Health.

This policy does not apply to employees of Queensland Ambulance Service. Instead, Queensland Ambulance Service employees are to refer to their local procedure.

Delegation: The 'delegate' is as listed in the relevant Department of Health Human Resource (HR) Delegations Manual, or Hospital and Health Services Human Resource (HR) Delegations Manual, as amended from time to time.

Legislative or other authority:

- *Industrial Relations Act 2016*
- *Superannuation Guarantee (Administration) Act 1992*
- *Superannuation (State Public Sector) Deed 1990*

Related policy or documents:

- Payment of salary wages and payroll deductions HR Policy C13 (QH-POL-188)
- Aggregate and concurrent employment HR Policy C47 (QH-POL-301)
- Annual/Recreation leave HR Policy C51 (QH-POL-100)
- PSC (IR) Directive 04/17 Recreation leave
- Public Sector Industrial Relations (PSIR) Cashing Out Annual Leave – Circular
- Public Sector Industrial Relations (PSIR) Cashing Out Annual Leave – Guidance note
- Queensland Health Cashing out of Annual Leave FAQ

Policy subject:

1 Requirements

1.1 Annual leave entitlement

The intent of annual leave is to provide employees with a period of absence from work for rest and recreation and the maintenance of work-life balance.

Employees are to regularly access periods of leave to ensure they manage their health and safety. Likewise, managers are to encourage employees to access their annual leave on a regular basis and support leave applications whenever operationally convenient.

It is acknowledged however, that employees may accumulate their leave, for example, where an extended absence is planned. It is recommended that an employee's total accumulated annual leave should not exceed two (2) years accrued entitlement.



The Department and Hospital and Health Services (HHSs) are to implement practices for the effective management of annual leave balances. Taking leave is always to be the first option to reduce annual leave balances. Managers and employees are to actively engage in leave planning to ensure all team members have regular opportunity to access their annual leave. Refer to the taking annual leave section of the Annual/Recreation leave HR Policy C51 for more information.

1.2 Cashing out annual leave

Section 37 of the *Industrial Relations Act 2016* provides for the ability of an employer and employee to agree to the employee cashing out a particular amount of the employee's annual leave, in certain circumstances.

The following principles apply to cashing out annual leave in Queensland Health:

- An application for cashing out a particular amount of an employee's annual leave is subject to agreement between the employee and the delegate, on a case by case basis.
- Under no circumstances are employees to be coerced into cashing out their annual leave, for example, where an employee has an excess leave balance, or a permanent employee is transferring between Queensland Health employers or other agencies.
- An employee is to have accessed (taken) at least two weeks (pro rata for part-time employees) of annual leave in the past 12 months prior to applying to cash out any annual leave. This condition may be waived by the delegate only in cases of demonstrated financial hardship.
- An application to cash out annual leave may be made once every 12 months.
- An employee can seek to cash out annual leave more than once every 12 months only in cases of demonstrated financial hardship.
- On cashing out any annual leave, an employee is to retain a balance of at least one year's equivalent accrued annual leave entitlement (i.e. four, five or six weeks - depending on their accrual rate as at the time of application).
- Delegation for cashing out annual leave is to be set at the next higher level of delegation than that of the delegate who approves an employee taking annual leave. An application to cash out annual leave is only able to be endorsed by the employee's line manager, prior to being forwarded for consideration to the cashing out delegate.
- The delegate is to determine the appropriateness of any application made by an employee to cash out annual leave during a period of higher duties, i.e. payment would be made at the higher duties rate.
- A separate application, in writing, must be made for each cashing out request. The 'Cashing out of Annual Leave' agreement form, available on QHEPS, is to be completed.
- Cash out applications must be in week blocks.
- The minimum cash out period is one week (i.e. the employee's ordinary weekly hours - 36.25 or 38 hours depending on the employee's respective award). A 'week' for a part time employee means their contracted weekly hours. Application for cashing out of annual leave (and any associated allowances) for part time employees are to be made on a pro rata basis.
- There is no maximum cash out period of annual leave per application, provided the cash out period is in week blocks and the employee retains the minimum leave balance required and do not recommence any leave accrual periods.
- Cashed out annual leave may attract additional employer superannuation contributions (please refer to associated FAQs for more information).

Additional considerations:

- Employees are strongly encouraged to seek independent financial advice prior to making any application to cash out annual leave.
- Cashing out of annual leave cannot be made at half pay.
- An employee cannot refund cashed out amounts or have annual leave re-credited once it has been cashed out.

- A cashing out of annual leave application cannot be made during a period of unpaid special leave. Employees should make an application to take the relevant period of annual leave if they are currently on unpaid special leave. However, where unpaid leave is being accessed due to sickness or for workers' compensation purposes, an employee may request a cash out of annual leave.
- Future projections of annual leave are not able to be taken into consideration in an application for cashing out of annual leave.
- Approved applications are to be submitted to Payroll Services for processing. Payment will be provided to the employee in the next available full pay period following receipt by Payroll Services of an appropriately completed and approved Cashing out of Annual Leave application form (including a copy of the employee's roster, where required). No payments will be provided to employees via an ad hoc payment.
- The cash out value will be based on the first available roster period applying at the date of approval by the delegate.
- When a concurrent employee wishes to cash out annual leave on multiple assignments, a Cashing out of Annual Leave application form must be completed for each assignment.
- Concurrent employees who apply to cash out their annual leave will receive payment at the rate of pay applicable to the relevant assignment.
- Concurrent employees cannot transfer annual leave to another assignment to have it paid out at a different rate.
- The hours of annual leave cashed out do not contribute towards increments, accrual of leave or service recognition and do not recommence any leave accrual periods.
- Cashing out of annual leave may attract additional employer superannuation contributions (refer to FAQs for further clarification).

Leave loadings, penalties and allowances:

- Leave loading, where applicable, is payable on cashed out annual leave.
- An employee who when taking leave is entitled to the payment of leave loading or penalties calculated according to the employee's roster/projected roster, whichever is the higher, is also entitled to receive the higher payment when cashing out annual leave. The cashing out value will be based from the first available roster period at the date of approval by the delegate. A copy of the employee's rosters relating to the cash out period must be supplied to Payroll Services with the approved application form.
- If an industrial instrument provides for an hourly, weekly or fortnightly allowance (excluding annual allowances paid fortnightly) to be payable whilst on paid leave, or if the industrial instrument states that an allowance forms part of an employee's ordinary fortnightly salary, then the allowance will be payable on cashed out annual leave.
- For annual allowances, if an industrial instrument provides for the annual allowance to be paid whilst on paid leave, then the allowance is payable on cashed out annual leave.
- If an industrial instrument states that an annual allowance is paid in fortnightly instalments, and does not specify that the allowance forms part of an employee's ordinary rate of pay and/or ordinary time earnings, then the allowance is not payable on cashed out annual leave.
- If an industrial instrument is silent in relation to the payment of an allowance whilst on annual leave however established practise is the allowance is paid, then the allowance will continue to be paid on cashed out annual leave.

2 Roles

2.1 Employee responsibilities

Annual leave is designed to be taken, to ensure adequate rest and recreation, to support employee well-being and to provide employees with work-life balance. It is an employee's responsibility to regularly take annual leave and to proactively manage their annual leave balance. The employee should consider the impact that an application to cash out annual leave may have on any future periods of annual leave they have booked or plan to take.

Payroll Services will process any cashed out annual leave in accordance with relevant taxation and superannuation legislation and industrial provisions in relation to an employee's Queensland Health employment only. Employees remain responsible for their own personal financial arrangements and any personal income tax liabilities. Employees are strongly encouraged to seek their own independent financial advice prior to submitting any application for the cashing out of annual leave.

When an employee makes an application for the cashing out of annual leave due to financial hardship, the onus is on the employee to provide necessary documentation to support their application. Examples of financial hardship include, but are not limited to, financial misfortune, family tragedy, serious illness, and impacts of natural disasters. Supporting documentation may include a summary of income and expenditure, including loans and/or assets, bank statements, medical certificates, statutory declarations, etc.

An employee cannot nominate the timing of an application for the cashing out of annual leave. Cashed out leave will be paid based on the first available roster period at the time of approval by the delegate. The employee will receive payment in the first available pay fortnight following Payroll Services receiving the approved application.

2.2 Manager/supervisor/delegate responsibilities

Managers/supervisors and delegates are:

- under no circumstances to coerce any employee into cashing out their annual leave.
- responsible for ensuring that appropriate opportunities have been afforded to an employee to take annual leave. A delegate is not to unreasonably refuse an employee's application to take annual leave.
- to ensure that adequate leave management planning occurs with employees, especially where an employee has an excess annual leave balance.
- to ensure consistent and equitable decisions are made in relation to endorsing and approving the cashing out of annual leave.
- to consider the timing of applications to cash out annual leave; i.e. the appropriateness of approving an application to cash out annual leave when an employee is on short term higher duties, around public holiday periods, or when no future annual leave takings have been planned.
- to consider impacts that an employee's application to cash out annual leave may have on any future periods of annual leave already approved for the employee.
- to submit the employee's endorsed cashing out of annual leave application to the delegate in a timely manner, including notification of the employee's current accrued annual leave balance, confirmation the employee has taken at least two weeks of annual leave in the past 12 months, details of any future annual leave planned to be taken and a copy of the employee's roster/projected roster (where the employee is eligible for penalties versus loading payments).
- progress approved cashing out of annual leave applications to Payroll Services for processing within the next available fortnightly pay run.

History:

June 2020	<ul style="list-style-type: none"> • Policy: <ul style="list-style-type: none"> – formatted as part of the HR Policy review – application amended as a result of changes outlined in the Hospital and Health Boards (Changes to Prescribed Services) Amendment Regulation 2019.
September 2017	<ul style="list-style-type: none"> • New policy