
VPS Enterprise Agreement Common Policies

CASHING OUT OF ANNUAL LEAVE

Table of contents

Authority and Application	2
Overview	2
Relevant provisions of the VPS Enterprise Agreement	2
Clause 42. Cashing Out of Annual Leave	2
Supplementary Guidance Information	3
1. Application process	3
2. Payment of cashed out annual leave	3
Making decisions under this policy	3
Dispute resolution	3
Further Information	4
Related policies or documents	4

Authorised by Industrial Relations Victoria

Department of Economic Development, Jobs, Transport and Resources
1 Spring Street Melbourne Victoria 3000
Telephone (03) 9651 9999

© Copyright State of Victoria, 2018

If you print and store this document, you may be looking at an obsolete version.
Always check the latest version of this document at
<https://vpssc.vic.gov.au/vps-enterprise-agreement-common-policies/>

Cashing Out of Annual Leave | Version 1.0 | September 2018



Authority and Application

Clause 42 of the Victorian Public Service Enterprise Agreement 2016 (Agreement) applies to the Departments and Agencies and their Employees who are covered by the Agreement, with the exception of casual Employees.

Overview

Clause 42 outlines the circumstances in which an Employee can seek to have part of their annual leave entitlement cashed out. A request for cashing out of annual leave can only be made once during the term of the Agreement and must be agreed between the Employee and the Employer.

A cashing out request can only be agreed if the cashing out would result in the Employee having four weeks or more accrued annual leave still owing to the Employee. Where a cashing out request is agreed, the Employee will be paid the same amount they would have been paid had they taken the leave.

Relevant provisions of the VPS Enterprise Agreement

Clause 42. Cashing Out of Annual Leave

42.1 Annual leave must not be cashed out except in accordance with this clause.

42.2 The Employer and an Employee may agree to the Employee cashing out a particular amount of the Employee's accrued annual leave provided that the following requirements are met:

- (a) the cashing out of a particular amount of accrued annual leave must be by agreement between the Employer and the Employee which must:
 - (i) be in writing and retained as an employee record;
 - (ii) state the amount of accrued leave to be cashed out and the payment to be made to the Employee;
 - (iii) state the date on which the payment is to be made; and
 - (iv) be signed by the Employer and Employee and, if the Employee is under 18 years of age, the Employee's parent or guardian;
- (b) the Employee must be paid at least the full amount that would have been payable to the Employee had the Employee taken the leave at the time that it is cashed out;

- (c) annual leave must not be cashed out if the cashing out would result in the Employee's remaining accrued entitlement to annual leave being less than four weeks; and
- (d) an Employee may only cash out annual leave on one occasion during the term of this Agreement.

Supplementary Guidance Information

1. Application process

- 1.1. Cashing out arrangements must be agreed between the Employee and the Employer. An Employee cannot be directed or required to apply to cash out annual leave, even in circumstances where an Employee has excessive annual leave accruals.
- 1.2. Before making a request to cash out a portion of their accrued annual leave, an Employee should consider seeking their own financial advice on the taxation implications of such a request.

2. Payment of cashed out annual leave

- 2.1. Clause 42.2(b) requires that the Employee must be paid at least the full amount that would have been payable to the Employee had the Employee taken the leave at the time that it is cashed out, this includes:
 - 2.1.1. any higher duties allowance the Employee is in receipt of at the date of approval of the cashing out;
 - 2.1.2. annual leave allowance; or
 - 2.1.3. any shift penalties that would have applied had the annual leave been taken (whichever is the higher).

Making decisions under this policy

Under section 20(1) of the *Public Administration Act 2004*, the public service body head has all the rights, powers, authorities and duties of an employer, which will usually be delegated to staff within their Department or Agency. Employers should ensure that any actions under this policy are only taken by an employee with the delegation to do so. Each Department and Agency should give effect to this policy in accordance with its own delegations.

Dispute resolution

An Employee who is directly affected by a decision made or action taken pursuant to clause 42 may apply for a review of actions under the Employer's review of actions policy or seek to resolve a dispute through the Resolution of Disputes procedure at clause 12 of the Agreement.

Further Information

Employees should refer to their Department or Agency's intranet for information on procedural requirements, systems and approval delegations.

For further information and advice please contact your local Human Resources or People and Culture Unit (or equivalent).

Related policies or documents

VPS Enterprise Agreement Common Policies

- Annual Leave
- Compassionate Leave
- Personal/Carer's Leave

All policies in the VPS Enterprise Agreement Common Policies collection, can be found at <https://vpsc.vic.gov.au/vps-enterprise-agreement-common-policies>