DEFERRED SALARY SCHEME

FOR
TEACHERS IN SCHOOLS AND TAFE AND RELATED EMPLOYEES, INSTITUTE MANAGERS AND CHIEF EDUCATION OFFICERS

Guidelines

Human Resources Directorate
August 2007
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Overview

The Deferred Salary Scheme allows participants to take a year away from their position in the Department for professional development and renewal experiences such as participation in return to industry schemes, other industry experience, postgraduate study or working in overseas education systems.

It is a five year scheme whereby participants will defer part of their salary for the first four years of the Scheme and will be paid the deferred salary in the fifth year (the deferred salary leave year).

Participants will continue to earn 100% of their normal salary for the first four years with a deduction equivalent to 20% of net salary (gross less tax) being set aside each year for payment in the fifth year which is the deferred salary leave year. The payment made to the participant in the leave year therefore equals the amount set aside in the first four years. Salary earned during the four year period will be subject to full taxation.

For operational reasons, there may be a need to restrict the number of staff approved to participate in the Scheme in any particular year.

Eligibility

The Deferred Salary Scheme is offered to those permanently employed under the following awards who have met relevant probationary requirements and had their permanency confirmed:

- Crown Employees (Teachers in Schools and Related Employees) Salaries and Conditions Award 2006
- Crown Employees (Chief Education Officers - Department of Education and Training) Salaries and Conditions Award 2006
- Crown Employees (Teachers in TAFE and Related Employees) Salaries and Conditions Award 2006
- Crown Employees (Institute Managers in TAFE) Salaries and Conditions Award 2006

Casual and temporary employees employed under the above awards and those engaged on a consultancy basis are not eligible to join the Scheme.

Applications from teachers in schools, executive staff other than principals, principals, non-school based teaching service staff including chief education officers (CEOs), and TAFE teachers and related employees in State Office and Curriculum Centres and institute managers will be called for once per year.

Applications from TAFE teachers and related employees in institutes will be called for twice a year, recognising semester based programming.
Permanent teachers on probation are eligible to join the Scheme following completion of their probation and confirmation of permanency (this includes completion of any teacher training they are required to undertake as a condition of their employment).

Teachers who are re-employed are eligible to join the Scheme in their second year if their principal, college director or campus manager has completed a report attesting to their efficiency in their first year of re-employment.

Permanent teachers who have met probationary requirements and who subsequently take up a temporary appointment or an acting arrangement in another position within the Department that is covered by the above awards are eligible to join the Scheme. For example, a permanent school teacher may join the Scheme when on a temporary appointment to a non school based teaching service position.

**Restriction on numbers of staff approved to participate**

There may be a need to restrict the number of staff approved to participate in the Deferred Salary Scheme in any particular year where:

- the number of applications in any one year is in excess of 2000 places across the state in schools; or
- the number of applications in any one year is in excess of 4% of eligible staff: in each institute; each Curriculum Centre; or across State Office directorates and regions; or
- there is a large number of applicants from a curriculum or discipline area; or
- suitable replacement staff are unlikely to be found.

After consideration of workforce needs, applicants who have longer periods of service will be given priority to participate in the Scheme.

**Endorsement and commencement**

An overview of application endorsement and Scheme commencement details is provided in the following table.

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Endorsement by</th>
<th>Commencement in Scheme</th>
<th>Commencement of leave year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers, executive staff other than principals</td>
<td>Principal</td>
<td>Day 1, Term 1</td>
<td>Day 1, Term 1</td>
</tr>
<tr>
<td>Principals</td>
<td>School Education Director</td>
<td>Day 1, Term 1</td>
<td>Day 1, Term 1</td>
</tr>
<tr>
<td>Non-school based teaching service staff including CEOs</td>
<td>Director, School Education Director or Regional Director</td>
<td>1 January</td>
<td>1 January</td>
</tr>
</tbody>
</table>
Participants should note that their deduction of 20 per cent of salary will occur from the first pay period after commencement in the Scheme.

The deferred salary leave year

Participants cannot proceed on the deferred salary leave year until four years after they commence participating in the Scheme.

Participants are not able to compact the deferred salary leave year into a period of less than twelve months.

Starting dates for the various categories of staff are as outlined in the above table, unless there are exceptional circumstances, such as when a participant enrols in a university where the term commences in the second half of the year.

School based staff

For teachers in schools, principals and executive staff other than principals, the deferred salary leave year must be a whole school year and should commence at the beginning of the school year, that is day one of Term 1.

TAFE teachers and related employees in institutes

For TAFE teachers and related employees in institutes, the deferred salary leave year must be two full semesters commencing either from the beginning of the first semester or second semester.
Non-school based teaching service staff, TAFE teachers and related employees in State Office and Curriculum Centres, and institute managers

For non-school based teaching service staff including CEOs, TAFE teachers and related employees in State Office and Curriculum Centres, and institute managers, the deferred salary leave year must be a whole year commencing from 1 January.

Non-school based teaching service staff who commenced participation in the Scheme whilst based at a school may commence their deferred salary leave year from the beginning of the school year, subject to staffing and work requirements of the area in which they are working. Participants in this situation cannot proceed on the deferred salary year until four years after they commence participating in the Scheme.

Financial arrangements

The Department will maintain an account with the Commonwealth Bank in each participant’s name where each participant’s deferred salary will be deposited. The account will allow the monitoring of a participant’s balance at any stage, as well as allowing for interest and government statutory charges to be attributed to individual balances.

A statement of earnings detailing interest credited and charges debited will be issued to each participant by the Commonwealth Bank on a monthly basis. It is the responsibility of each participant to declare those adjustments in their annual return to the Australian Taxation Office.

Unless a participant withdraws from the Scheme, there will be no access to the deferred salary until the deferred salary leave year is taken.

During the deferred salary leave year, participants will be paid the salary plus interest they have accrued over the preceding four years. Interest accrued during the fifth year will be paid at the end of the deferred salary leave year, for those participants who choose to receive the deferred salary by fortnightly payments.

During the deferred salary leave year the deferred salary will be paid to the participant in a lump sum or by payments at regular intervals e.g. fortnightly, monthly or six monthly. Participants who elect to be paid at regular intervals will negotiate with the Department the number, value and timing of the payments being paid.

Where a participant chooses to be paid by lump sum, there will be a delay in the payment, generally of the order of two weeks, following withdrawal of funds from the bank whilst account reconciliations are completed. During this period, interest will not accrue on the deferred salary amount.
Service entitlements

The deferred salary leave year will count as service for superannuation purposes in the defined benefit schemes.

The deferred salary leave year will count as service for the accrual of the following entitlements:

- extended leave (long service leave);
- sick leave;
- transfer points (for teachers in schools);
- salary increments; and
- paid maternity/adoption/parental leave.

Superannuation

State Superannuation Scheme (SSS) and members of the State Authorities Superannuation Scheme (SASS)

The deferred salary leave year has been determined as prescribed leave for members of SSS and SASS. The superable salary is deemed to be the participant’s full salary for each of the five years they participate in the Scheme. The Department will maintain the participant’s employer contributions for the full five year period at the rate applicable to a person earning full salary for each of the five years.

Participants’ personal superannuation contributions are payable at the rate applicable to 100% of salary for each of the five years. This means that during each of the first four years of the Scheme, participants will pay their personal superannuation contributions from the 80% of salary which remains after they have had their deduction of 20% of salary put aside for payment in the deferred salary leave year. Participants’ personal contributions will be payable at the rate applicable to their full salary for each of the four years.

In the fifth year, that is the deferred salary leave year, participants will pay their personal superannuation contributions from the deferred salary which has been put aside during the preceding four years for payment in the deferred salary leave year. Personal contributions during the deferred salary leave year are payable at the rate applicable to the participant’s full salary.

First State Superannuation or other complying accumulation fund

The Department will continue to meet Superannuation Guarantee charges in the usual way for each of the first four years that the employee participates in the Scheme. The superable salary is deemed to be 100% of the participant’s full salary for each of those four years.
Withdrawal, suspension or deferral

Participants may withdraw from the Scheme at any time. A withdrawal date will be entered on the payroll system and an amount equal to the participant’s deferred salary which has been accrued for the deferred salary leave year plus the accrued interest, less government statutory charges, will be paid in one lump sum.

Participants who withdraw will forfeit their entitlement to the deferred salary leave year.

Participants may not temporarily suspend or defer participation in the Scheme with the aim of resuming at a later date. If participants decide, for whatever reason, that they need to be restored to normal pay they must withdraw from the Scheme.

Temporary appointments and secondments

Participants temporarily appointed to or acting in another position within the Department will be considered to have continuity of service for the purpose of meeting the required four years’ participation in the Scheme. The salary deduction during the temporary appointment is at the rate of 20% of the net salary of the temporary appointment.

Temporary appointments to other agencies or secondments to positions outside the Department will generally not be recognised as service under the Scheme. Special consideration may be given to those secondments that are part of a collaborative arrangement between the Department and another agency or organisation.

Leave during the years preceding the deferred salary leave year

Participants may apply for any form of paid leave for which they are eligible during the working years preceding the deferred salary leave year. Periods of paid leave are recognised as service under the Scheme. The 20% deduction from net salary (gross less tax) will continue during periods of paid leave.

The following periods of leave will not be recognised as service under the Scheme:

- leave without pay (full time and part time);
- unpaid maternity/adoption/parental leave;
- unpaid study leave;
- no pay pro rata vacation leave; and
- other forms of unpaid leave e.g. return to industry not funded by the Department.

The total number of days of leave that are not recognised as service for the Scheme will be calculated prior to the commencement of the deferred salary leave year. Where a participant has accumulated a total of up to 20 days’ leave that are not recognised as service under the Scheme over the four year period, the commencement of the leave...
year will not be postponed. Where this occurs, the salary payable to the participant during the deferred salary leave year would be reduced by the amount which would have been set aside but for the unpaid leave.

Where a participant has accumulated a total of more than 20 days’ leave that are not recognised as service under the Scheme over the four year period, the deferred salary leave year will not be taken in the fifth year but will be postponed. If this occurs, participants may reach their leave eligibility date at any time during the fifth year they are participating in the Scheme. Upon reaching their leave eligibility date, participants revert to normal pay until the commencement of their deferred salary leave year which should commence, except in exceptional circumstances, on the relevant commencement date (as set out on pages 2 and 3), following the leave eligibility date.

**Postponement of the deferred salary leave year**

Participants may apply to postpone taking the deferred salary leave year prior to the commencement of the leave year. Participants should make this application at least four weeks prior to the scheduled commencement of the leave year.

Requests for postponement of the leave year will be considered on a case by case basis in consultation with the participant. The Department will reserve the right to approve or not approve the request in terms of the Department's requirements and the individual participant’s circumstances. The deferred salary will not be released until the participant commences the leave. Postponement of the leave year, if approved, will normally be for one year, but is limited to a maximum of two years.

Where the postponement of the deferred salary leave year is approved, payment during the period for which the leave year is postponed (up to two years), will be at the participant’s normal (100%) salary. No deductions equivalent to the 20% of net salary will be set aside.

In exceptional circumstances the Department may need to postpone the participant’s deferred salary leave year. This decision will be taken in consultation with the participant. Where a participant’s deferred salary leave year is postponed, a new deferred salary leave year will be negotiated with the participant.

Where a participant is not in their substantive position at the commencement of their anticipated leave year (e.g. staff temporarily appointed to another position within the Department) the leave year will be postponed to an appropriate time following their return to their substantive position e.g. the first day of the school year (for school based staff) or the commencement of the semester (for TAFE teachers and related employees based in Institutes) following the completion of the temporary appointment.
Leave during the deferred salary leave year

Participants are not entitled to apply for leave such as sick leave, extended leave (long service leave) or recreation leave during the deferred salary leave year.

Participants who are permanently appointed to non-school based teaching service positions, and institute manager and TAFE positions, whose conditions of employment include an entitlement to recreation leave, may take recreation leave immediately preceding or following the deferred salary leave year, subject to the approval of their director, institute director, school education director or regional director as applicable.

Eligible employees are able to access maternity, adoption, parental or military leave during the deferred salary leave year.

Where the deferred salary leave year has not commenced the participant will be entitled to postpone the whole deferred salary leave year to a later date.

Where the participant elects not to postpone the deferred salary leave year, they are entitled to payment of their deferred leave salary while on maternity, adoption or parental leave, or military leave.

As a consequence, a participant who chooses not to postpone the deferred salary leave year, and who takes paid maternity, adoption, parental or military leave, is entitled to receive both the deferred salary (which has been put aside during the preceding four years), and their normal salary for any period of paid maternity, adoption, parental or military leave taken during the deferred salary leave year.

Where the participant elects not to postpone the deferred salary leave year, maternity, adoption, parental or military leave (whether paid or unpaid) will not have the effect of extending the deferred salary leave year.

Leave loading during the deferred salary leave year

Employees are entitled to payment of an annual leave loading of 17.5 per cent of the monetary value of annual or recreation leave accrued in the previous year. For employees commencing their deferred salary leave year at the commencement of the school year, this will normally mean that they will be entitled to pro-rata leave loading calculated on approximately two months’ leave entitlement to day 1, Term 1 of the following year.

For employees commencing their deferred salary leave year on 1 January, this will normally mean that they will be entitled to pro-rata leave loading calculated on approximately one month’s annual or recreation leave entitlement. For those commencing at the beginning of the second semester, the pro-rata annual leave loading payable will be calculated on approximately seven months’ leave entitlement.
Workers’ compensation

Participants are covered by the Department's workers’ compensation provisions during the first four years of participation in the Scheme. Participants are not covered by the Department's workers’ compensation provisions during the deferred salary leave year (when they are not at work).

Salary packaging

It is strongly recommended that staff who are currently salary packaging or who intend to salary package as well as participate in the Scheme, seek independent financial advice prior to proceeding.

Where a participant in the Scheme also participates in salary packaging arrangements, net salary is determined by deducting from the participant’s gross salary:

1. the full value of benefits packaged under salary packaging arrangements, including fringe benefits tax; and

2. income tax payable on the remaining amount.

As the net salary is reduced by the value of the salary packaged benefits, Deferred Salary Scheme deductions for participants who are salary packaging will be less than for participants who are not salary packaging.

Salary packaging will not be available in the fifth year, which is the leave year, as the participant is not in receipt of a salary. Under the salary packaging agreement, it is the participant’s obligation and responsibility to withdraw from the salary packaging arrangements prior to the commencement of the deferred salary leave year.

Employment during the deferred salary leave year

Permanent full time employees who participate in the Scheme must not undertake secondary employment in the Department (including casual teaching in schools, part time casual teaching in TAFE or contract work) during the deferred salary leave year.

In accordance with the Private and Secondary Employment Policy, permanent part time employees who participate in the Scheme may, during their deferred salary leave year, undertake part time or casual employment within the Department on the days in the week that they are not normally required to work. Refer to the Private and Secondary Employment Policy for further conditions in relation to permanent part time employees.

Permanent full time employees seeking to undertake private employment (i.e. paid work outside of the Department) during the deferred salary leave year must obtain prior approval of this employment in accordance with the Department’s Private and Secondary
**Employment Policy.** In addition, participants should consider the tax implications of undertaking this private employment.

Participants who are contributors to a government funded superannuation scheme and who undertake private employment with a NSW government agency during the deferred salary leave year, will be required to continue contributing to their existing superannuation scheme during that period.

Any recreation leave accrued with another employer during the deferred salary leave year must be taken prior to the resumption of duty with the Department of Education and Training, except that if the employment is in another NSW public sector agency, the staff mobility provisions in section 95 of the *Public Sector Employment and Management Act 2002* will apply.

**Occupancy of THA premises and rental subsidies**

A participant occupying Teacher Housing Authority (THA) premises can continue to occupy the premises during the deferred salary leave year providing the teacher intends to exercise right of return to their school, college, campus or regional office position.

The participant will not receive any rental subsidy during the deferred salary leave year and will thereby be responsible for the full (100%) THA rent. If a participant does not intend to exercise right of return to his or her current school, college, campus or regional office position, he or she must relinquish tenancy of the THA premises.

If a participant does not wish to occupy the premises during the deferred salary leave year but intends to exercise right of return to his or her current school, college, campus, or regional office position on completion of the deferred salary leave year, the following three options are available to the participant:

1. The participant can relinquish the THA premises with no guarantee that he or she will be offered premises at the completion of the deferred salary leave year.

2. The participant can sublet the THA premises to another Departmental teacher as a subtenant. The participant on deferred salary leave, as principal tenant, is responsible for making rental payments to the THA and for other obligations under the residential tenancy agreement. The subtenant will pay the participant on deferred salary leave the full (100%) THA rent. The subtenant may be eligible for a rental subsidy from the Department.

3. If the participant is unable to sublet the THA premises to another Departmental teacher, the participant can sublet the premises to another person with the approval of the THA. The participant, as principal tenant, is responsible for making payments to the THA and for other obligations under the residential tenancy agreement. No subsidy will apply in this option.
Participants would need to discuss and seek approval from the THA to undertake any of the above three options.

A participant who is in receipt of a rental subsidy for privately rented premises, because they were eligible for but unable to obtain THA accommodation, will not receive any rental subsidy during the deferred salary leave year and will therefore be responsible for the full (100%) of the rent if he or she chooses to retain occupation of the premises.

**Right of return**

Participants who proceed on the deferred salary leave year from their substantive position will retain right of return to their previous substantive position.

Where the participant seeks to combine other forms of leave with their deferred salary leave year (with the effect that the staff member would thereby delay their return to their position) or proceeds on the deferred salary leave year from a temporary appointment, such as a non-school based teaching service position, their situation in relation to right of return will be considered on a case by case basis in consultation with the staff member and their principal, director, school education director, regional director or supervisor/manager (as applicable).

**Promotion or transfer during the deferred salary leave year**

**School based staff**

School teachers, principals and executive staff other than principals will not be eligible to apply for promotion or transfer during term 1 of the deferred salary leave year because they will not be able to enter into the position during the deferred salary leave year. Participants can apply for promotion or transfer during terms 2, 3 and 4 of the deferred salary leave year in accordance with current transfer and promotion procedures and will normally take up the position on day 1, term 1 of the year following the deferred salary leave year.

**TAFE teachers**

TAFE teachers will not be eligible apply for promotion or transfer during the semester in which they commence the deferred salary leave year because they will not be able to enter into the position during the deferred salary leave year. Participants can apply for promotion or transfer during the final semester of the deferred salary leave year in accordance with current transfer and promotion procedures and will normally take up the position on the first day of the semester following the deferred salary leave year.
Non school based teaching service staff, institute managers and TAFE related employees located in institutes, Curriculum Centres and State Office

Non school based teaching service staff (including CEOs), institute managers and TAFE related employees located in institutes, Curriculum Centres and State Office are not eligible for promotion or transfer during the deferred salary leave year because they will not be available to enter into the position.

**Further information and forwarding of application forms**

Further advice can be obtained from and completed application forms submitted to the relevant human resources area as indicated below:

**School based staff in Hunter & Central Coast, New England, North Coast, Northern Sydney, and Western Sydney Regions, please contact:**

<table>
<thead>
<tr>
<th>Employee Services Centre, Newcastle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locked Bag 6</td>
</tr>
<tr>
<td>HAMILTON DELIVERY CENTRE NSW 2303</td>
</tr>
<tr>
<td>Telephone enquiries: 1300 338 001</td>
</tr>
<tr>
<td>Fax: 1300 338 121</td>
</tr>
</tbody>
</table>

**School based staff in Illawarra & South East, Riverina, South Western Sydney, Sydney and Western Regions, please contact:**

<table>
<thead>
<tr>
<th>Employee Services Centre, Wollongong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locked Bag 12</td>
</tr>
<tr>
<td>WOLLONGONG EAST NSW 2520</td>
</tr>
<tr>
<td>Telephone enquiries: 1300 338 002</td>
</tr>
<tr>
<td>Fax: 1300 338 122</td>
</tr>
</tbody>
</table>

**TAFE teachers and related employees in State Office and non-school based teaching service staff including CEOs, please contact:**

<table>
<thead>
<tr>
<th>Corporate Employee Services Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locked Bag 53</td>
</tr>
<tr>
<td>DARLINGHURST NSW 2010</td>
</tr>
<tr>
<td>Telephone enquiries: (02) 9266 8174</td>
</tr>
<tr>
<td>Fax: (02) 9244 5776</td>
</tr>
</tbody>
</table>

**TAFE teachers and related employees in institutes or Curriculum Centres and institute managers, please contact your relevant regional human resources area.**
The Deferred Salary Scheme applies to permanent staff employed under the following awards who have met relevant probationary requirements and whose permanency has been confirmed:

- Crown Employees (Teachers in Schools and Related Employees) Salaries and Conditions Award;
- Crown Employees (Teachers in TAFE and Related Employees) Salaries and Conditions Award;
- Crown Employees (Chief Education Officers - Department of Education and Training) Salaries and Conditions Award; and
- Crown Employees (Institute Managers in TAFE) Salaries and Conditions Award.

Name: ........................................................................................................................................

Family Name                              Given Name(s)

ID Number: ..........................................................

Home Address: .........................................................................................................................

Postcode: ..................................................

Telephone Numbers: Work: ................................................. After Hours: ...................................

Location: ...........................................................

(e.g. school, college, regional office, institute, Curriculum Centre, State Office directorate)

Substantive position (for example: teacher, assistant principal, head teacher, institute manager):

Subject(s) taught (secondary school/TAFE teachers):

Length of teaching service (exclude periods of unpaid leave): .................................

Date commenced service with Department: ..............................

I wish to apply to participate in the Department's Deferred Salary Scheme commencing from

(specify relevant commencement date by year or, in the case of TAFE teachers and related employees in institutes, by year and semester). I understand that there is no guarantee that my application to participate in the Scheme will be approved.

Signature: .......................................................... Date: ..........................................

ENDORSEMENT

- for teachers and executive staff other than principal: applications to be endorsed by the principal
- for principals: applications to be endorsed by the school education director
- for non-school based teaching service staff including CEOs: applications to be endorsed by the director, school education director or regional director
- for TAFE teachers and related employees in institutes: applications to be endorsed by the institute director or nominee
- for institute managers: applications to be endorsed by the institute director
- for TAFE teachers and related employees in curriculum centres: applications to be endorsed by the curriculum centre associate director
- for TAFE teachers and related employees in State Office: applications to be endorsed by the director

Recommended

Not recommended (comments to be provided)

Comments: ..........................................................................................................................

(Attach additional pages if necessary. The applicant must be informed of any comments made.)

Endorsing officer’s name: .......................................................... Position title: ..................................

Signature: ..........................................................

THE COMPLETED APPLICATION FORM MUST BE FORWARDED TO THE APPROPRIATE AREA BY 30 SEPTEMBER FOR PARTICIPATION COMMENCING IN THE FOLLOWING YEAR (refer to page 12 of the Guidelines for forwarding details.)