

PROCEDURE



Deferred Salary Scheme

Approved by:

Approval date: 14 June 2017

Brief Description:

The intent of the Deferred Salary Scheme is to allow participants to take a year away from their position without it impacting on the accumulation of service with the department. The Scheme is a five year scheme where participants defer a fifth of their salary for the first four years of the Scheme and are paid the deferred salary in the fifth year.

Participants are encouraged to seek independent financial advice prior to applying to join the scheme.

Note: the rate of interest earned is dependent on rates set by the Reserve Bank. If the rate falls below a certain level, interest will not be payable on a participant's account.

Table of Contents

Contents

1. Introduction.....	4
2. Audience and application.....	4
Restriction on numbers of employees approved to participate	5
3. Responsibilities and delegations	5
Scheme conditions.....	6
4. The deferred salary leave year	6
The deferred salary leave year	6
School based employees.....	6
Non-school based teaching service employees and related employees in State Offices.....	6
5. Right of return.....	6
6. Financial Arrangements	7
7. Leave loading during the deferred salary leave year	7
8. Withdrawal, suspension or deferral	8
9. Postponement of the deferred salary leave year	8
10. Temporary appointments and secondments	9
Leave conditions.....	9
11. Leave during the years preceding the deferred salary leave year	9
12. Leave during the deferred salary leave year	10
Employment conditions.....	10
13. Employment during the deferred salary leave year	10
14. Promotion or transfer during the deferred salary leave year	11
School based employees.....	11
Non-school based teaching service and State Office employees	11
Entitlement and superannuation conditions.....	11
15. Service entitlements.....	11
16. Superannuation	11
State Superannuation Scheme and State Authorities Superannuation Scheme.....	11
First State Superannuation or other complying accumulation fund.....	12
17. Workers' compensation	12

18. Salary packaging	12
19. Occupancy of THA premises and rental subsidies	13
20. Further information and forwarding of application forms.....	13
21. Monitoring, evaluation and reporting requirements.....	14
22. Document history	14
22.1 Document information	14
22.2 Document accountability	15
22.3 Document version history	15
22.4 Consulted stakeholders.....	15
22.5 Document linkages.....	15
23. Terms and definitions.....	15
Appendix 1 – application form.....	17
Factsheet – benefits, risks and constraints.....	19

1. Introduction

- 1.1 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.
- 1.2 The Deferred Salary Scheme is a five-year scheme, where participants defer part of their salary for the first four years of the Scheme and are paid the deferred salary in the fifth year (the deferred salary leave year).
- 1.3 Participants 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 deferred salary leave year. The payment made to the participant in the deferred salary 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.
- 1.4 For operational reasons, the department may need to restrict the number of employees approved to participate in the Scheme in any particular year.

2. Audience and application

- 2.1 The Deferred Salary Scheme is offered to permanent employees 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 2017*
 - *Crown Employees (Chief Education Officers - Department of Education and Training) Salaries and Conditions Award 2017.*
- 2.2 Casual and temporary employees employed under the above awards and those engaged on a consultancy basis are **not** eligible to join the Scheme.
- 2.3 The department will call for applications from the following employee groups once per year:
 - teachers in schools
 - executive employees other than principals
 - principals
 - non-school-based teaching service employees, including chief education officers (CEOs)
 - related employees in State Offices.
- 2.4 Permanent teachers on probation are eligible to join the Scheme only once they have completed probation and their permanency has been confirmed (this includes completion of any teacher training they are required to undertake as a condition of their employment).
- 2.5 Teachers who are re-employed are eligible to join the Scheme in their second year, if their principal has completed a report attesting to their efficiency in their first year of re-employment.
- 2.6 Permanent teachers covered by the above awards, who have met probationary requirements and who subsequently take up a temporary appointment or an acting arrangement in another position within the department 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 employees approved to participate

2.7 The department may need to restrict the number of employees 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 employees across State Office directorates and regions, or
- there is a large number of applicants from a curriculum or discipline area, or
- suitable replacement employees are unlikely to be found.

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

3. Responsibilities and delegations

3.1 All applicants for membership in the Scheme must complete the application form and declaration acknowledging that they have read and understood this Procedure.

3.2 Endorsing officers must consider the likely impact on operations of the applicant's absence when deciding whether to endorse an application for membership in the Scheme.

3.3 Responsibilities for the stages of the Deferred Salary Scheme process are outlined in the table below:

Stage of process	Description	Responsibility
Application process		
Call for applications	June/July each year	HR
Complete application forms	Applicants must read and understand the Deferred Salary Scheme Procedure Note: the department encourages applicants to seek independent legal advice before applying to join the Scheme	Applicant
Endorsement of applications	To be completed and forwarded to HR by 30 September	Endorsing officer (see table below)
Creation of account	In anticipation of salary deductions beginning	HR
Beginning of salary deductions	Beginning of year following (see table below for date of first deduction)	HR
Once Scheme joined		
Inform when leave year will be taken	Leave year cannot be taken before the end of the 4 th year of salary deductions	Scheme member
Endorsement of leave year		Endorsing officer (see table below)
Payment of deferred salary	First available pay period at the beginning of the deferred salary leave year. Note: there may be a two week delay for lump sum payments.	HR
Return to duty	One year after beginning leave, day of	Scheme member

Procedure: *Deferred Salary Scheme Procedure*

Version: 2.1

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Stage of process	Description	Responsibility
	return will be dependent on type of employee	

3.4 Applications must be endorsed by an appropriate manager, as shown in the table below:

Applicant category	Endorsed by
Teachers, executive employees other than principals	Principal
Principals	Director, Public Schools NSW
Non-school based teaching service employees including CEOs	Director, Director Public Schools NSW, or Executive Director, Public Schools, NSW

Scheme conditions

4. The deferred salary leave year

The deferred salary leave year

- 4.1** Participants cannot proceed on the deferred salary leave year until four years after they commence participating in the Scheme.
- 4.2** Participants are not able to condense the deferred salary leave year into a period of less than twelve months.
- 4.3** Starting dates for the categories of employees are outlined in Section 4.4 and 4.5 below, unless there are exceptional circumstances.

School based employees

- 4.4** For teachers in schools, principals and executive employees other than principals, the deferred salary leave year must be a whole school year and will normally commence at the beginning of the school year, that is: day one of Term 1.

Non-school based teaching service employees and related employees in State Offices

- 4.5** For non-school based teaching service employees, including CEOs and related employees in State Offices, the deferred salary leave year will normally be a whole year commencing from 1 January.
- 4.6** Non-school based teaching service employees 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 availability 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.

5. Right of return

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

6. Financial Arrangements

The department advises employees to seek independent financial advice before applying to join the Scheme

- 6.1** The deduction of 20 per cent of salary will occur from the first pay period after commencement in the Scheme.
- 6.2** The department will maintain an account with the Commonwealth Bank in the participant's name, where the participant's deferred salary will be deposited. The account will allow the monitoring of the participant's balance at any stage, as well as allowing for interest, government statutory charges to be attributed to individual balances.

Note: Although there are no account-keeping fees, the interest rate for the Scheme has been set at the Reserve Bank of Australia's Target Cash Rate, less a margin of 1.5% for new accounts and 0.8% for matured accounts (this margin has been set to cover the cost of administering the accounts). Therefore, if the Reserve Bank's Target Cash Rate is less than 1.5% no interest will be payable on the account.

- 6.3** A regular statement of earnings detailing interest credited and charges debited will be issued to each participant by the Commonwealth Bank. It is the responsibility of each participant to declare those adjustments in their annual return to the Australian Taxation Office.
- 6.4** Unless a participant withdraws from the Scheme they will not be able to access the deferred salary until the deferred salary leave year is taken.
- 6.5** During the deferred salary leave year, participants will be paid the deferred salary plus any interest they have accrued over the preceding four years. The deferred salary will be paid to the participant in a lump sum or by payments at regular intervals (i.e. fortnightly, six monthly or as a lump sum).
- 6.6** Where a participant chooses to be paid by lump sum, there may 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.
- 6.7** Interest accrued during the fifth year, if any, 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.

7. Leave loading during the deferred salary leave year

- 7.1** 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 beginning 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.
- 7.2** 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.

8. Withdrawal, suspension or deferral

8.1 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 accrued so far, plus the accrued interest (if applicable), less government statutory charges, will be paid in one lump sum.

Note: the rate of interest earned is dependent on rates set by the Reserve Bank. If the rate falls below a certain level, interest will not be payable on a participant's account.

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

8.3 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.

9. Postponement of the deferred salary leave year

9.1 Participants may apply to postpone taking the deferred salary leave year prior to the commencement of the leave year. Except in exceptional circumstances, participants must make an application by the August prior to the scheduled commencement of the leave year.

9.2 Applications to postpone must be made in writing with the reason for the postponement and must be endorsed by the applicant's line manager.

9.3 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.

9.4 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.

9.5 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.

9.6 Where a participant is not in their substantive position at the commencement of their anticipated leave year (e.g. employees 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 following the completion of the temporary appointment.

10. Temporary appointments and secondments

- 10.1** 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.
- 10.2** 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 conditions

11. Leave during the years preceding the deferred salary leave year

- 12.1** 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.
- 12.2** 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
 - other forms of unpaid leave e.g. return to industry not funded by the department.
- 12.3** 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 **the equivalent of four weeks of leave or less** that is 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.
- 12.4** Where a participant has accumulated a total of **the equivalent of more than four weeks leave** that is 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 in Sections 4.4 and 4.5), following the leave eligibility date.

12. Leave during the deferred salary leave year

- 11.1** 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.
- 11.2** Participants who are permanently appointed to non-school based teaching service 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, director, Public Schools, NSW or executive director, Public Schools, NSW, as applicable.
- 11.3** Eligible employees are able to access maternity, adoption, parental or military leave during the deferred salary leave year.
- 11.4** 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.
- 11.5** 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.
- 12.5** 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.

Employment conditions

13. Employment during the deferred salary leave year

- 13.1** Permanent full time employees who participate in the Scheme must not undertake secondary employment in the department (including casual teaching in schools or contract work) during the deferred salary leave year.
- 13.2** 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.
- 13.3** 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.
- 13.4** 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.

- 13.5** 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, except that if the employment is in another NSW public sector agency, the assignment to role provisions in sections 36 and 48 of the GSE Act, and the temporary assignment provisions (GSE Rule 11), will apply.

14. Promotion or transfer during the deferred salary leave year

School based employees

- 14.1** School teachers, principals and executive employees 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, if successful, will normally take up the position on day 1, term 1 of the year following the deferred salary leave year.

Non-school based teaching service and State Office employees

- 14.2** Non-school based teaching service employees (including CEOs and State Office employees) are **not** eligible for promotion or transfer during the deferred salary leave year because they will not be available to enter into the position.

Entitlement and superannuation conditions

15. Service entitlements

- 15.1** The deferred salary leave year will count as service for superannuation purposes in the defined benefit schemes.
- 15.2** 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
 - paid maternity/adoption/parental leave.

16. Superannuation

State Superannuation Scheme and State Authorities Superannuation Scheme

- 16.1** The deferred salary leave year has been determined as prescribed leave for members of State Superannuation Scheme and State Authorities Superannuation Scheme. 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.

16.2 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.

16.3 In 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

16.4 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.

17. Workers' compensation

17.1 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).

18. Salary packaging

The department strongly recommends that employees who are currently salary packaging, or who intend to salary package as well as participate in the Scheme, seek independent financial advice before applying to join the Scheme.

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

- the full value of benefits packaged under salary packaging arrangements, including fringe benefits tax
- income tax payable on the remaining amount.

18.2 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.

18.3 Salary packaging will not be available in the deferred salary 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.

19. Occupancy of THA premises and rental subsidies

19.1 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.

19.2 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.

19.3 Participants would need to discuss and seek approval from the THA to undertake any of the above three options.

19.4 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.

20. Further information and forwarding of application forms

20.1 Further advice can be obtained from and completed application forms (available at **Appendix 1**) submitted to the relevant human resources area as indicated below:

School-based teaching staff (North)
EdConnect, Shared Services HR: call 1300 323232
Select option 3, 1, 1
email: EDConnect.newcastle.forms@det.nsw.edu.au

School-based teaching staff (South)

EdConnect, Shared Services HR: call 1300 323232

Select option 3, 1, 1

email: EDConnect.wollongong.forms@det.nsw.edu.au

Non-school based teaching service staff

EdConnect, Shared Services HR: call 1300 323232

Select option 3, 1, 3

email: EDConnect.corporatepayroll.forms@det.nsw.edu.au

21. Monitoring, evaluation and reporting requirements

- 21.1** The approving delegate is responsible for maintaining a record of all applications. A copy of each completed application must be placed on the employee's personal file. The delegate must also provide the applicant with a copy of their completed application for future reference.
- 21.2** HR Shared Services are responsible for monitoring and evaluating the uptake and usage of the Scheme, and for providing an annual report on the Scheme to the Executive Director, Human Resources, or nominee.
- 21.3** The Executive Director, Human Resources, or nominee, is responsible for the periodic review and revision, as appropriate, of this Procedure. The review is to take place annually, or sooner, if appropriate.

22. Document history

22.1 Document information

Procedure title	Deferred Salary Scheme Procedure
Current version	2.1
Policy number	DOC2017/HRPD004/V2.1
Approved by	Director, Strategy and Governance
Approval date	14 June 2017
Implementation date	14 June 2017
Date of last update	May 2015
Next scheduled review date	14 June 2018
Audience	Teachers; non- school-based teaching service; Principals; Directors, Public Schools NSW
Location in taxonomy	Procedure Salary and Leave
Subject keywords	Deferred Salary Scheme, deferred salary, leave, , teacher, NSBTS

Procedure: *Deferred Salary Scheme Procedure*

Version: 2.1

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22.2 Document accountability

Role	Name
Procedure Owner	Identify Procedure Owner
Procedure Advisor	Identify Procedure Advisor
Procedure Facilitator	Identify Procedure Facilitator
Procedure Contact	Identify Procedure Contact

22.3 Document version history

Version	Date	Author	Change description
1.0	2007		Original version
2.0	2015	Paula Williams	Updated version
2.1	30/04/17	Mark Donovan	Updated department title and placed in new procedure template

22.4 Consulted stakeholders

Version	Date	Stakeholder	Change description
2.1	n/a	n/a	Format changes, no material change to content

22.5 Document linkages

Legislation and regulation

Key relevant legislation and regulation that determines influences or defines this procedure:

Year of enactment	Title of legislation
1980	<i>Teaching Service Act</i>
1987	<i>Education (School Administrative and Support Staff) Act</i>
2006	<i>Education Legislation Amendment Staff Act</i>
2013	<i>Government Sector Employment Act</i>
2014	<i>Government Sector Employment Regulation</i>

Procedure and Guideline

Reference policy or guidelines that relate to this policy:

Type	PD number	Title
Code	PD/2004/0020/V06	Code of Conduct

23. Terms and definitions

Definitions of terms that are contained in this procedure:

Term	Definition
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Department	means the NSW Department of Education.
Deferred salary scheme	the department's five-year scheme where participants defer part of their salary for the first four years of the Scheme and are paid the deferred salary in the fifth year (the deferred salary leave year)
Deferred salary	the deduction equivalent to 20% of a member's net salary (gross, less tax), which is set aside each year for payment in the deferred salary leave year
Deferred salary leave year	the year in which Scheme members take leave and are paid their deferred salary.
GSE Act	means the <i>Government Sector Employment Act 2013</i>
Superable salary	annual base salary plus allowances that are generally paid to an employee while on annual leave or long service leave, plus loading for shift work. Further details are available from the super scheme itself.
Secondary employment	any work or position <i>within</i> the department which is in addition to an employee's principal employment in the department
Private employment	any employment <i>outside</i> the department
THA	Teacher Housing Authority

Deferred salary scheme application

Note: you must read the Deferred Salary Scheme Procedure before completing this form.

The Deferred Salary Scheme is available to permanent employees 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 (Chief Education Officers - Department of Education and Training) Salaries and Conditions Award*

Name	_____	_____
	Family name	Given names
ID number	_____	
Home address	_____	
	_____	_____
		Postcode
Phone	_____	_____
	Work	Mobile
Location	_____	
	(e.g. school, State Office directorate)	
Substantive position	_____	
	(e.g. teacher, assistant principal, head teacher)	
Subject(s) taught	_____	
	(secondary school teachers)	
Length of teaching service (exclude periods of unpaid leave)	_____	_____
	Years	Months
Date commenced service with the department	_____	

I wish to apply to participate in the department's Deferred Salary Scheme commencing from _____
(specify relevant commencement date by year)

I have read the Deferred Salary Scheme Procedure and:

- I understand that the department recommends that I seek independent financial advice before joining the Scheme.
- I understand that I will not have access to my deferred salary before my fifth year of involvement in the scheme.
- I understand that if I withdraw from the scheme I will lose my right to the deferred salary leave year.
- I understand that, depending on the Reserve Bank's Target Cash Rate, interest may **not** be payable to my account.
- I understand that there is no guarantee that my application to participate in the Scheme will be approved.

(**Note:** your application will not be accepted unless all of the boxes are ticked)

Signature: _____

Date: _____

Deferred salary scheme application endorsement

This part of the form must be completed by the appropriate endorsing officer for each category of applicant, as shown in the table below:

Applicant	Endorsed by
Teachers and executive employees other than principals	Principal
Principals	Director, Public Schools, NSW
Non-school based teaching service employees, including CEOs	Director, Director, Public Schools NSW or Executive Director, Public Schools

The application to join the Deferred Salary Scheme by:

Name _____
Family name _____ Given names _____
ID number _____

Is:

- 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 details:

Name: _____
Position: _____
Title: _____
Signature: _____
Date: _____

THE COMPLETED APPLICATION FORM MUST BE FORWARDED TO THE AREA SHOWN BELOW BY 30 SEPTEMBER FOR PARTICIPATION COMMENCING IN THE FOLLOWING YEAR

School-based teaching staff (North): EDConnect.newcastle.forms@det.nsw.edu.au

School-based teaching staff (South): EDConnect.wollongong.forms@det.nsw.edu.au

Non-school based teaching service staff: EDConnect.corporatepayroll.forms@det.nsw.edu.au

Deferred salary scheme

Factsheet – benefits, risks and constraints



All applicants for membership in the Deferred Salary Scheme must complete the application form and declaration acknowledging that they have read and understood the Deferred Salary Scheme Procedure.

The department encourages all applicants to seek independent financial advice before making an application to join the Scheme.

The table below lists the Deferred Salary Scheme's benefits, risks and constraints. For further information refer to the Section of the Procedure indicated in the table.

Benefits	Risks and constraints
Scheme conditions	
The deferred salary leave year (Section 4)	
<ul style="list-style-type: none"> The Deferred Salary Scheme allows participants to take a year away from their position in the department 	<ul style="list-style-type: none"> Participants cannot proceed on the deferred salary leave year until four years after they commence participating in the Scheme
<ul style="list-style-type: none"> Participants defer 20% of their salary for the first four years of the Scheme and are paid the deferred salary in the fifth year (the deferred salary leave year) 	<ul style="list-style-type: none"> Participants are not able to compact the deferred salary leave year into a period of less than twelve months
	<ul style="list-style-type: none"> For schools the deferred salary leave year must be a whole school year and should start on day one of Term 1
	<ul style="list-style-type: none"> For non-school based teaching service employees including CEOs and related employees in State Offices, the deferred salary leave year must be a whole year commencing on 1 January
Right of return (Section 5)	
<ul style="list-style-type: none"> Participants who proceed on the deferred salary leave year from their substantive position will retain right of return to their previous substantive position 	
Financial arrangements (Section 6)	
<ul style="list-style-type: none"> The deferred salary can be paid fortnightly, in a 	<ul style="list-style-type: none"> Where a participant chooses to be paid by lump

Benefits	Risks and constraints
lump sum or six-monthly	sum, there may be a two week delay in the payment
<ul style="list-style-type: none"> The deferred salary payment may include any interest accrued over the preceding four years 	<ul style="list-style-type: none"> Interest and government statutory charges will be attributed to individual balances
	<ul style="list-style-type: none"> Interest rates are determined and reviewed monthly by the Commonwealth Bank of Australia, in line with rates set by the Reserve Bank of Australia, minus an amount to cover the Commonwealth Bank's administrative costs. Interest may not be payable on the account if the interest rate falls below a certain level.
	<ul style="list-style-type: none"> The deferred salary cannot be accessed until the deferred salary leave year is taken, unless the participant withdraws from the Scheme
	<ul style="list-style-type: none"> Each participant must declare salary adjustments in their annual return to the Australian Taxation Office
	<ul style="list-style-type: none"> Any Interest accrued during the fifth year will be paid at the end of the deferred salary leave year
Withdrawal, suspension or deferral (Section 8)	
<ul style="list-style-type: none"> Participants may withdraw from the Scheme at any time 	<ul style="list-style-type: none"> Participants who withdraw will forfeit their entitlement to the deferred salary leave year
	<ul style="list-style-type: none"> Participants may not temporarily suspend or defer participation in the Scheme with the aim of resuming at a later date
Postponement (Section 9)	
<ul style="list-style-type: none"> Prior to the commencement of the leave year, participants may apply to postpone taking the deferred salary leave year 	<ul style="list-style-type: none"> Postponement of the leave year, if approved, will normally be for one year, but is limited to a maximum of two years
	<ul style="list-style-type: none"> Where a participant is not in their substantive position at the commencement of their anticipated leave year the leave year will be postponed to an appropriate time following their return to their substantive position
	<ul style="list-style-type: none"> In exceptional circumstances the department may need to postpone the participant's deferred salary leave year
Temporary appointments and secondments (Section 10)	
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Temporary appointments to other agencies or secondments to positions outside the department will generally not be recognised as service under the Scheme
Leave conditions	
Leave before the deferred salary leave year (Section 11)	
<ul style="list-style-type: none"> Eligible employees are able to access maternity, adoption, parental or military leave during the deferred salary leave year 	<ul style="list-style-type: none"> 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

Benefits	Risks and constraints
<ul style="list-style-type: none"> • A participant who takes paid maternity, adoption, parental or military leave is entitled to receive both the deferred salary and their normal salary for any period of the above leave taken during the deferred salary leave year 	<ul style="list-style-type: none"> • Maternity, adoption, parental or military leave (whether paid or unpaid) will not extend the duration of the deferred salary leave year
<ul style="list-style-type: none"> • Participants who are permanently appointed to non-school based teaching service 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 approval 	

Leave during the deferred salary leave year (Section 12)

<ul style="list-style-type: none"> • Where a participant has accumulated the equivalent of four weeks of leave or less that is not recognised as service under the Scheme over the four year period, the commencement of the leave year will not be postponed 	<ul style="list-style-type: none"> • The following periods of leave will not be recognised as service under the Scheme: <ul style="list-style-type: none"> • leave without pay (full time and part time) • unpaid maternity/adoption/parental leave • unpaid study leave • no-pay pro rata vacation leave • other forms of unpaid leave e.g. return to industry not funded by the department.
	<ul style="list-style-type: none"> • Where a participant has accumulated a total the equivalent of more than four weeks of leave that is 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

Employment conditions

Employment (Section 13)

<ul style="list-style-type: none"> • 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, as long as such employment is in accordance with the Private and Secondary Employment Policy 	<ul style="list-style-type: none"> • Permanent full time employees who participate in the Scheme must not undertake secondary employment in the department during the deferred salary leave year
	<ul style="list-style-type: none"> • Employees must obtain approval for paid work outside the department before they begin the deferred salary scheme year, in accordance with the Private and Secondary Employment Policy
	<ul style="list-style-type: none"> • Participants should consider the tax implications of undertaking private employment during the deferred salary leave year • Any recreation leave accrued with another employer during the deferred salary leave year must be taken prior to the resumption of duty

Promotion or transfer during the deferred salary leave year (Section 14)

	<ul style="list-style-type: none"> • School teachers, principals and executive employees other than principals will not be eligible to apply for promotion or transfer during term 1 of the deferred salary leave year
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Benefits	Risks and constraints
	<ul style="list-style-type: none"> Non-school based teaching service employees (including CEOs) and State Office employees are not eligible for promotion or transfer during the deferred salary leave year
Entitlements and superannuation conditions	
Service entitlements (Section 15)	
<ul style="list-style-type: none"> The deferred salary leave year will count as service for superannuation purposes in the defined benefit schemes 	
<ul style="list-style-type: none"> The deferred salary leave year will count as service for the accrual of the following entitlements: <ul style="list-style-type: none"> extended leave (long service leave) sick leave transfer points (for teachers in schools) salary increments paid maternity/adoption/parental leave 	
Superannuation (Section 16)	
<ul style="list-style-type: none"> The superable salary is deemed to be the participant's full salary for each of the five years they participate in the Scheme 	<ul style="list-style-type: none"> A participant's personal superannuation contributions are payable at the rate applicable to 100% of salary for each of the five years
<ul style="list-style-type: none"> The deferred salary leave year has been determined as prescribed leave for members of SSS and SASS 	<ul style="list-style-type: none"> during each of the first four years of the Scheme, participants will pay their personal superannuation contributions from the 80% of salary In the deferred salary leave year participants will pay their personal superannuation contributions from the deferred salary
Workers' compensation (Section 17)	
	<ul style="list-style-type: none"> Participants are not covered by the department's workers' compensation provisions during the deferred salary leave year
Salary packaging (Section 18)	
	<ul style="list-style-type: none"> As the net salary is reduced by the value of the salary packaged benefits, Deferred Salary Scheme deductions (and therefore the total deferred salary) for participants who are salary packaging will be less than for participants who are not salary packaging
	<ul style="list-style-type: none"> Salary packaging will not be available in the deferred salary leave year as the participant is not in receipt of a salary
	<ul style="list-style-type: none"> it is the participant's obligation and responsibility to withdraw from salary packaging arrangements before the deferred salary leave year begins
Occupancy of THA premises and rental subsidies (Section 19)	
<ul style="list-style-type: none"> A participant occupying Teacher Housing Authority (THA) premises can continue to occupy 	<ul style="list-style-type: none"> The participant will not receive any rental subsidy during the deferred salary leave year and will be

Benefits	Risks and constraints
the premises during the deferred salary leave year	<p>responsible for the full (100%) THA rent</p> <ul style="list-style-type: none"> • A participant who receives a rental subsidy for privately rented premises will not receive any rental subsidy during the deferred salary leave year and will be responsible for the full (100%) rent

For more information refer to the [Deferred Salary Scheme Procedure](#) or contact:

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email: EDConnect.newcastle.forms@det.nsw.edu.au

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