

<b>Treasurer's Instruction No</b>	<b>803</b>
Title	<b>State Service Accumulated Leave Scheme (SSALS)</b>
Effective date	<b>1 November 2005</b>
Objective and Background	<b>To provide instruction and guidance in the application of the State Service Accumulated Leave Scheme</b>
Last Reviewed Date	<b>1 November 2005</b>

*This Instruction was previously known as Treasurer's Instruction No 808 – State Service Accumulated Leave Scheme (SSALS).*

*Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.*

## **BACKGROUND**

The SSALS allows a Head of Agency to approve a Plan under which a participating employee, by taking a reduction in normal salary for a given period, becomes entitled to a pre-determined amount of special (accumulated) leave. Salary is paid during the accumulated leave period at the same reduced rate.

The basic structure of any SSALS Plan is always the same – a normal working hours work period followed by accumulated leave. However, there is flexibility in the choice of the time frame of the Plan and the proportion of normal work.

The SSALS is an accumulated leave scheme. A Head of Agency has the discretion to allow a participating employee to withdraw from a SSALS Plan. The leave accumulated to that point would be taken at the discretion of the Agency. Accumulated leave will only be paid out on the death or resignation from the State Service of the participating employee.

- (1) During the work period of a SSALS Agreement, the Agency will draw down from the Consolidated Fund the full salary entitlement of the participating employee, including on costs, rather than the actual salary paid to that employee.**
- (2) The difference between the participating employee's full salary entitlement, including on costs, and the actual salary paid, hereafter referred to as the SSALS credit, will be credited to a SSALS Provision within the Department Operating Account.**

The SSALS credit should be drawn down from the Consolidated Fund on at least a quarterly basis, so that by 30 June of each year the full amount of the SSALS credit for the year has been transferred to the Department Operating Account.

In accordance with section 8 of the *Public Account Act 1986*, the Treasurer has approved agencies retaining SSALS credits within their Department Operating Accounts.

- (3) **The agency will meet the cost of the participating employee’s salary during the leave period of the SSALS Plan from the SSALS Provision.**

An employee’s salary costs will include PAYG instalments.

- (4) **On costs such as superannuation and payroll tax are to be calculated and paid on the actual salary paid to the participating employee during the work period and leave period of the SSALS Plan.**

- (5) **The Head of Agency must maintain, for each participating employee, proper records to support the SSALS Provision within the Department Operating Account. These records will include SSALS credits made to the Provision during the work period and the SSALS debits during the leave period of the SSALS Plan.**

(6) **Accounting for the SSALS**

(a) **Cash Accounting**

- (i) **During the work period of the SSALS Plan, the full salary entitlement of the participating employee, including on costs, will be drawn down from the Consolidated Fund. The SSALS credit, which is approved retained revenue, will accumulate in the SSALS Provision within the Department Operating Account. The SSALS credit will be treated as negative output expenditure.**
- (ii) **During the leave period of the SSALS Plan, SSALS debit payments will be made from the SSALS Provision within the Department Operating Account. These payments will be treated as output expenditure sourced from Agency retained revenue.**

(b) **Accrual Accounting**

- (i) **The full salary entitlement of the participating employee will be expensed during the work period of the SSALS Plan. This expense will have a cash component (the actual salary payment during the work period) and a liability component (the SSALS credit recorded in the SSALS Provision).**
- (ii) **During the leave period of the SSALS Plan, SSALS debit payments made from the SSALS Provision reflect the extinguishment of the liability to the participating employee.**

Payments made under a SSALS Plan during the work period:

	\$	\$
Dr Salary Expense	100	
Cr Cash		80
Cr SSALS Provision		20

Payments made under a SSALS Plan during the leave period:

Dr SSALS Provision	20	
Cr Cash		20

## **TRANSFER TO ANOTHER AGENCY**

- (7) Where an employee participating in a SSALS Plan is transferred to another agency, and the receiving Head of Agency agrees to the continuance of the Plan:**
- (a) the releasing Agency will transfer an amount equivalent to the accumulated SSALS credit to the receiving Agency;**
  - (b) the receiving Agency will receipt the SSALS credit to the SSALS Provision within the Department Operating Account; and**
  - (c) in the case of a promotion, there will be a shortfall between the received SSALS credit and the value of accrued SSALS entitlement based on the revised salary rate. The receiving agency is to drawdown from the Consolidated Fund to the SSALS Provision an amount equivalent to this shortfall.**

In accordance with Treasurer's Instruction 107 *Agency Operating Accounts*, the Consolidated Fund drawdown is allowed, notwithstanding that the expenditure has not actually been incurred.