

MINISTER FOR EMPLOYMENT, TRAINING AND
INDUSTRIAL RELATIONS
PUBLIC SERVICE COMMISSIONER

- 1. TITLE:** **Voluntary Early Retirement (VER)**
- 2. PURPOSE:** To specify the action to be taken and the conditions and entitlements applying to public service employees whose work is surplus to requirements and who accept the offer of a Voluntary Early Retirement package.
- 3. LEGISLATIVE PROVISIONS:** Sections 34 and 81 of the *Public Service Act 1996*.
- 4. APPLICATION:**
- 4.1 Schedules A and C** of this directive are the responsibility of the **Public Service Commissioner**.
- 4.2 Schedules A and B** of this directive are the responsibility of the **Minister for Employment, Training and Industrial Relations**.
- 4.3 Schedules A and B** apply to public service employees. The Schedules do not apply to public service employees –
- engaged on a temporary basis under sections 112(2)(c) or 113(2)(a) of the *Public Service Act 1996*; or
 - engaged on a casual basis under sections 112(2)(b) or 113(2)(b) of the *Public Service Act 1996*; or
 - on contracts under the *Public Service Act 1996*; or
 - whose employment is terminated in accordance with disciplinary action, or retirement because of mental or physical incapacity.
- 4.4 Schedules A and C** apply to senior executives and senior officers.
- 5. STANDARD:** The requirements and entitlements prescribed in the Schedules apply.
- 6. EFFECTIVE DATE:** This directive is to operate from **11 October 2004**.
- 7. VARIATION:** The provisions in Schedule B may be varied in accordance with certified agreements made under Chapter 6, Part 1 of the *Industrial Relations Act 1999* or decisions of an industrial tribunal of competent jurisdiction.
- 8. INCONSISTENCY:** Sections 34 and 117 of the *Public Service Act 1996* and section 687 of the *Industrial*

Relations Act 1999 apply if there is a conflict with an act, regulation or industrial instrument.

9. SUPERSEDES: Directive 27/99 “*Voluntary Early Retirement (VER)*”

10. PREVIOUS REFERENCES:

Directive 1/98 “*Voluntary Early Retirement (VER)*”
Directive 21/97 “*Voluntary Early Retirement*”
Directive 6/97 “*Voluntary Early Retirement*”
Directive 7/96 “*Voluntary Early Retirement*”
Public Sector Management Standard for Staffing Options to Manage Organisational Change in the Queensland Public Sector
Circular 8/91

11. RESPONSIBILITIES:

- 11.1 The Minister for Employment, Training and Industrial Relations** has issued clauses 1, 2, 3, 4.2, 4.3, 5, 6, 7, 8, 9, 10, 11.1 and 12 and **Schedules A and B** of this directive.
- 11.2 The Public Service Commissioner** has issued clauses 2, 3, 4.1, 4.3, 4.4, 5, 6, 7, 8, 9, 10, 11.2 and 12 and **Schedules A and C** of this directive.

12. SEE ALSO:

Directive 4/02: “*Deployment and Redeployment*”
Directive 4/99: “*Medical deployment and Reemployment*”
Directive 9/04: “*Retrenchment*”
Australian Taxation Office: Taxation Ruling 94/12

SCHEDULE A

VOLUNTARY EARLY RETIREMENT

GENERAL REQUIREMENTS

1. Definitions

- 1.1 “**Severance benefit period**” is the period of time which equates to the payment of the severance benefit expressed in weeks (note this period of time does not include recreation leave, long service leave, the notice period or the incentive payment).
- 1.2 “**Week’s pay**” means the ordinary time rate of pay for the employee concerned. Provided that the following amounts are excluded from the calculation of the ordinary time rate of pay: overtime, penalty rates, disability allowances, shift allowances, fares and travelling time allowances and any other ancillary payments.
- 3.2 Each department will establish a VER register identifying the following information about each employee who accepts a VER: surname, given names, date of birth, employment status (full-time, part-time), severance date, amount of severance benefit received (expressed in weeks) and the weekly rate of pay.
- 3.3 Departments will report this information to the Office of Public Service Merit and Equity as required by the Public Service Commissioner.

2. How a VER package is to be applied

- 2.1 At the discretion of the Chief Executive a VER scheme as defined in Taxation Ruling 94/12 may be used for employees other than senior executive officers, consistent with 2.2 of this Schedule.
- 2.2 A VER package may be offered only to public service employees within a class¹ of employees whose duties or functions are surplus to the agency’s requirements and whose skills and abilities cannot be reasonably used in other vacancies within the agency. Allegations or findings of unsatisfactory performance or conduct due to any cause are not grounds for offering an employee a VER package.
- 2.3 The Chief Executive shall establish the bona fides of each VER scheme and ensure that the provisions of the *Income Tax Assessment Act 1996* and *Regulations* are complied with.
- 2.4 The Chief Executive shall ensure that sections 90 and 90A of the *Industrial Relations Act 1999* are met for consultation with employee organisations and notification to the relevant Commonwealth department.
- 2.5 Surplus employees who reject the offer of a VER or to whom a VER scheme is not applied are to be provided with transfer at level and/or redeployment and reasonable retraining opportunities².
- 2.6 If the Public Service Commissioner is satisfied that retraining, transfer or redeployment are no longer viable options, or that a surplus employee is not participating actively in the deployment process, that employee may be retrenched³.
- 4.1 A person who has received a VER package and who is subsequently engaged in one Queensland Government entity⁴ or more as a consultant, contractor, or employee for a total cumulative period of more than twenty (20) working days in the severance benefit period is required to refund to the Crown a portion of their severance benefit. The person shall be entitled to retain only that portion of the severance benefit which covers the period of time for which they were not engaged in a Queensland Government entity or a minimum of twenty days’ salary, whichever is the greater.
- 4.2 For example, a person who receives a severance benefit of 30 weeks’ pay may work only for a total cumulative period of 20 days in the 30 week period after the date on which the retirement becomes effective without having to refund a portion of the severance benefit.
- 4.3 Continuing this example, once the same person works in excess of 20 days within the 30 week severance benefit period, the person is entitled to retain that portion of the severance benefit applicable to the period of time for which they were not engaged in a Queensland Government entity. The person would be required to refund to the Crown the remainder of the severance benefit. Provided that the person would be entitled to retain a minimum of 20 days’ salary.
- 4.4 A part-time employee who receives a severance benefit for the loss of one part-time job and who retains another part-time job in the Queensland public service, shall be required to refund the portion of severance benefit to which they are not entitled should they subsequently increase their part-time hours during the severance benefit period.

3. Reporting

- 3.1 Each department shall state in its Annual Report the number of VER packages taken by employees in the previous financial year and the total monetary value of the severance benefits.
- 4.5 The Chief Executive of the re-engaging agency is responsible for implementing procedures to collect the refund.

¹ A class of employees is defined in Taxation Ruling 94/12.

² In accordance with the requirements of the Public Service Commissioner Directive relating to deployment and redeployment.

³ In accordance with the requirements of joint Ministerial and Public Service Commissioner Directive: *Retrenchment*.

⁴ As defined in section 21 of the *Public Service Act 1996*.

SCHEDULE B

VOLUNTARY EARLY RETIREMENT

ENTITLEMENT FOR EMPLOYEES OTHER THAN SES AND SENIOR OFFICERS

1. Entitlement

1.1 VER packages provided by this directive are compensation for loss of job tenure.

1.2 A VER package shall comprise the following:

- Accrued recreation leave⁵;
- Accrued long service leave for employees who have worked for at least one year, on the basis of 1.3 weeks for each year of continuous service and a proportionate amount for an incomplete year of service⁶;
- A severance benefit of two weeks' pay per year of service and a proportionate amount for an incomplete year of recognised service paid at the employee's substantive appointed level. The minimum payment is four weeks' pay, and the maximum is 52 weeks, provided that no employee shall receive less than the severance benefit under the Termination, Change and Redundancy Statement of Policy issued by the Queensland Industrial Relations Commission.

2. Tenured part-time employees

2.1 Tenured part-time employees whose work is declared surplus to requirements shall be entitled to a severance benefit. The benefit is calculated on two weeks' full-time pay per year of service and a proportionate amount for an incomplete year of recognised service (minimum four weeks, maximum 52 weeks). The benefit is calculated on total full-time equivalent years of service.

2.2 Employees who held two or more tenured part-time jobs shall be entitled to a severance benefit calculated only on the proportion of full-time equivalent years of service applicable to the part-time job from which they are declared surplus.

3. Incentive payment

3.1 In addition to the severance benefit, an incentive payment may be offered once only to encourage employees to exit the department on/by a specified date. The payment will be \$6,500 or eight weeks' pay at the employee's substantive level, whichever is the greater.

3.2 The incentive payment reduces by the equivalent of one week's pay for each week the employee delays leaving the department after the specified date.

3.3 Tenured part-time employees who are offered an incentive payment shall be entitled to a portion of the incentive payment, which will be adjusted to reflect the proportion of full-time hours worked by the employee. For example, if .5 is the proportion of full-time hours worked by an employee for the position, the incentive payment applicable would be \$3,250 or eight weeks' salary, calculated at the employee's usual part-time rate (i.e. in this example .5), whichever is the greater.

3.4 Incentive payments do not apply to employees who are unsuccessful in seeking deployment or redeployment in accordance with the Public Service Commissioner's Directive relating to deployment and redeployment.

5 The incentive payment includes payment in lieu of notice.

4. Recognition of previous employment

4.1 Employees whose previous employment is recognised for the purpose of calculating long service leave entitlement are entitled to a severance benefit. This benefit is based on their period of previous recognised employment and current period of employment. The total severance benefit will not exceed 52 weeks' pay.

4.2 Employees whose previous employment is recognised for the purpose of calculating long service leave entitlement and who have received a severance benefit from their previous employer shall be entitled to a severance benefit calculated only on their current period of employment.

5. Superannuation

5.1 Superannuation benefit is calculated according to the formula prescribed under the conditions of the superannuation scheme of which the employee is a member.

6. Relocation expenses

6.1 Public service officers who are offered a VER will be entitled to relocation expenses consistent with the Ministerial Directive: *Relocation Expenses for Officers Retiring From the Service*.

5 If the officer is performing higher duties at the date of termination, the calculation shall be consistent with the requirements of Ministerial Directive: *Higher Duties*.

6 If the officer is performing higher duties at the date of termination, the calculation shall be consistent with the requirements of Ministerial Directive: *Higher Duties*.

SCHEDULE C

VOLUNTARY EARLY RETIREMENT

ENTITLEMENTS FOR SES AND SENIOR OFFICERS

1. Entitlement

1.1 The offering of a VER package to a Senior Executive Service Officer or Senior Officer may be made only following approval by the Public Service Commissioner.

1.2 A VER package shall comprise the following:

- Accrued recreation leave⁷;
- Accrued long service leave for officers who have worked for at least one year, on the basis of 1.3 weeks for each year of continuous service and a proportionate amount for an incomplete year of service⁸;
- A severance benefit of two weeks' pay per year of service and a proportionate amount for an incomplete year of recognised service paid at the officer's substantive appointed level. The minimum payment is four weeks' pay, and the maximum is 52 weeks, provided that no officer shall receive less than the severance benefit under the current Termination, Change and Redundancy Statement of Policy issued by the Queensland Industrial Relations Commission.

2. Part-time officers

2.1 Part-time officers whose work is declared surplus to requirements shall be entitled to a severance benefit. The benefit is calculated on two weeks' full-time pay per year of service and a proportionate amount for an incomplete year of recognised service (minimum four weeks, maximum 52 weeks). The benefit is calculated on total full-time equivalent years of service.

2.2 Officers who hold two or more part-time jobs shall be entitled to severance benefit calculated only on the proportion of full-time equivalent years of service applicable to the part-time job from which they are declared surplus.

3. Incentive payment

3.1 In addition to the severance benefit, an incentive payment may be offered once only to encourage officers to exit the department on/by a specified date. The payment will be ten weeks' pay at the officer's substantive appointed level, provided the offer of voluntary early retirement is accepted within two weeks (14 days) of the offer being made.

The incentive will apply immediately on expiration of the specified termination date.

3.2 Part-time officers who are offered an incentive payment shall be entitled to a portion of the incentive payment, which will be adjusted to reflect the proportion of full-time hours worked by the officer. For example, if .5 is the proportion of full-time hours worked by an officer for the position, the incentive payment applicable would be ten weeks' salary calculated at the officer's usual part-time rate (i.e. in this example, 5).

3.3 Incentive payments do not apply to officers who are unsuccessful in seeking re-employment or redeployment in accordance with the Public Service Commissioner's Directive: *Deployment and Redeployment*.

3.4 The incentive payment includes payment in lieu of notice.

4. Recognition of previous employment

4.1 Officers whose previous employment is recognised for the purpose of calculating long service leave entitlement are entitled to a severance benefit. This benefit is based on their period of previous recognised employment and current period of employment. The total severance benefit will not exceed 52 weeks' pay.

4.2 Officers whose previous employment is recognised for the purpose of calculating long service leave entitlement and who have received a severance benefit from their previous employer shall be entitled to a severance benefit calculated only on their current period of employment.

5. Superannuation

5.1 Superannuation benefit is calculated according to the formula prescribed under the conditions of the superannuation scheme of which the officer is a member.

6. Relocation expenses

6.1 Officers who are offered a VER will be entitled to relocation expenses consistent with the Ministerial Directive: *Relocation Expenses for Officers Retiring From the Service*.

⁷ If the officer is performing higher duties at the date of termination, the calculation shall be consistent with the requirements of Ministerial Directive: *Higher Duties*.

⁸ If the officer is performing higher duties at the date of termination, the calculation shall be consistent with the requirements of Ministerial Directive: *Higher Duties*.