University of South Australia

Pre-separation Contract Guidelines

APPLICATION

This procedure applies to staff (excluding casuals) employed in accordance with:

1. The University of South Australia Senior Staff Collective Agreement 2006.
2. The University of South Australia (Academic and Professional Staff) Collective Agreement 2006.
3. The University of South Australia (Security and Grounds Staff) Enterprise Agreement 2008
4. The University of South Australia (Document Services) Collective Agreement 2006
5. Staff employed pursuant to an Australian Workplace Agreement (AWA).

OVERVIEW

These Guidelines provide direction on the development and use of pre-separation contracts. Through the workforce planning process, the University may identify an opportunity to conclude a continuous position in the future, or a continuing staff member may apply to separate from the University by entering into a pre-separation contract. Opportunities to enter into a pre-separation contract provide managers and staff with employment flexibility.

The objectives of these Guidelines are to:

- identify circumstances where a pre-separation contract is appropriate;
- ensure the application and approval process is fair and transparent;
- outline the procedure for contract development and implementation;
- assist managers to negotiate a pre-separation contract in a manner that meets the needs of both the University and staff member;
- communicate to staff the terms and benefits of pre-separation contracts.

The broad principles and approach embodied within these Guidelines are as follows:

- Pre-separation contracts are not an entitlement and are negotiated on a case by case basis to support the workforce planning needs of the University.
- Pre-separation contracts are voluntary and will only be offered where the University can see a benefit in terms of workforce planning.
- The Guidelines apply to all categories of continuing staff of the University.

PROCEDURE

1. Application

(a) A pre-separation contract is one in which a staff member elects to alter their employment relationship from continuing status to a single, non-renewable fixed term contract for a period of up to five years. Acceptance of this contract by the staff member constitutes an agreement to separate from the University immediately upon completion of the contract.

(b) In return for opting for a fixed term appointment, the staff member shall receive a salary loading between 5% and 15% of their annual base salary. The loading may be superannuable (where approved by the relevant superannuation fund) and thus subject to contributions from both the staff member and the University.

(c) The loading is in lieu of any redundancy payment that may otherwise be due to the staff member at the completion of the contract.

(d) The employment relationship between the University and staff member alters from a continuing status to a single non-renewable fixed term contract for a period of up to five years.

(e) Managers should only enter into pre-separation contracts where the contract is in line with workforce planning needs of the local area. Examples may be:

- when it has been identified that an area or program has a limited life cycle;
- where a Division/School/Portfolio/Unit/Research Institute is undergoing or planning managing change;
- to enable career management and succession planning opportunities.

(f) Benefits to staff include:

- enabling staff to plan for the future;
- receiving a salary loading which may be superannuable (dependent on the relevant superannuation fund) in return for opting for a fixed term appointment.

2. Negotiation and Approval

(a) Where a manager has identified that there is opportunity for a staff member to enter into a pre-separation contract, or a staff member applies for a pre-separation contract, a business case must be developed in consultation with the manager's local HR representative. The business case should be forwarded to the relevant Deputy Vice Chancellor/Pro Vice Chancellor/Executive Director for consideration and should address the following issues:

- workforce planning (including succession planning) considerations;
- how the proposed pre-separation contract is beneficial to the University;
- the length of contract and proposed loading;
- budgetary considerations;
- in the case of imminent retirement, judgement should be exercised as to whether the contract and loading provide the University with value for money.

(b) If the relevant Deputy Vice Chancellor/Pro Vice Chancellor/Executive Director supports the business case, a preliminary discussion with the staff member should occur, although this will not constitute a binding agreement. Such a discussion with the staff member should be approached sensitively and without prejudice.

(c) If the staff member is interested in pursuing the option of a pre-separation contract, they should be encouraged to speak with the University's Superannuation Officer to understand the implications on superannuation entitlements. The staff member should also seek independent financial advice. This advice is at the staff member's expense. Once the staff member is satisfied and wishes to proceed, a pre-separation contract can be drafted.

(d) The business case and the draft pre-separation contract must be forwarded to the Executive Director: People, Talent and Culture for final approval (and to ensure the University is complying with the Guidelines and audit requirements). Once the Executive Director: People, Talent and Culture approves the contract, it can be finalised with the Deputy Vice Chancellor/Pro Vice Chancellor/Executive Director's signature and issued to the staff member.

3. Pre-Separation Contract Loading

A pre-separation contract loading is expressed as a percentage of the staff member's base annual salary and may be superannuable. The size of the loading would be expected to vary depending on the contract length. However as a guide the following may be used:

Length of contract	**Guide to loading percentage**
Less than 6 months	Pre-separation contracts may not be appropriate
6 – 12 months	12 – 15%
1 – less than 2 years	10 – 15%
2 – 3 years	Approx 10%
3 – 5 years	5 – 10%

4. Termination

A pre-separation contract can be offered for a period of up to five years. A contract can be terminated by:

- the expiry date of the contract being reached;
- the resignation of the staff member before the completion of the contract;
- the University, but only in the case of serious misconduct (refer to applicable industrial instrument).

5. Performance Management

The University's Performance Management process applies during the term of the pre-separation contract.

6. Other Conditions

(a) Superannuation

Consideration of superannuation issues associated with pre-separation contracts is the responsibility of the staff member. The staff member should contact either the University's Superannuation Officer or the Fund directly for advice on how superannuation will be affected by the loading.

A pre-separation contract does not constitute a separation package for the purposes of superannuation or the applicable industrial instrument.

Please note: For members of the Super SA scheme, the loading may not be recognised unless the contract is for a period of five years or the member has an aggregate of five years of contracts. Further information can be obtained by contacting the University's Superannuation Officer or Super SA.

(b) Incremental Progression

Where applicable, incremental progression will still apply during the life of the contract.

(c) Salary Increases as per the applicable Industrial Instrument

Where applicable, salary increases outlined in the applicable industrial instrument will still apply during the life of the contract.

(d) Salary Sacrificing

A staff member's salary sacrificing arrangements will not be affected by entering into a pre-separation contract.

(e) Leave

The staff member's acceptance of a pre-separation agreement will not in any way affect entitlement to accrue leave in accordance with the applicable industrial instrument.

It is important to note that outstanding accrued long service leave and recreation leave are paid to the staff member upon separation, and therefore subject to the salary loading. It is recommended that, whenever possible, all recreation and long service leave entitlements are exhausted or significantly reduced prior to the conclusion of the pre-separation contract.

However, periods of long service leave and/or recreation leave should not be added to the end of the required work commitment, thus extending the term of the pre-separation contract solely for the purpose of exhausting all leave. This would incur unnecessary additional costs and risks to the University.

The manager, with agreement from the staff member may elect to include one of the following options in the pre-separation contract:

- The staff member agrees to completely exhaust all recreation leave and long service leave accruals prior to the completion of the pre-separation contract; or
- The staff member elects specific dates to take leave during the contract period.

6. Reappointment

It is expected that there will be no extension to the contract beyond the agreed termination date. Subject to the approval of the Executive Director: People, Talent and Culture and upon agreement by both parties, a casual contract may be considered dependent on the needs of the University.

7. Confidentiality

The terms of the contract are confidential between the parties and should not be communicated in any form to any person other than the staff member's agents, accountants or to the Australian Taxation Office.

RESPONSIBILITIES AND/OR AUTHORITIES

Responsibility for the application of these Guidelines rests with the supervisor/manager and PVC/Executive Director of the local area. The Executive Director: People, Talent and Culture is responsible to ensure these guidelines are maintained and current.

CROSS REFERENCES

- Applicable industrial instrument
- Vice Chancellor's Authorisations
- Remuneration and Reward Policy
- Performance Management Policy
- Performance Management Guidelines

FURTHER ASSISTANCE

Managers and staff may seek further advice about pre-separation contracts from their local Business Partners in the first instance.

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