

MEAT INDUSTRY NEWS

HR & IR INFORMATION

Cashing out annual leave

The AMIC receives many queries from members regarding the right to allow employees to cash out annual leave instead of going off on the period of leave.

In June last year a Full Bench of the Fair Work Commission handed down its decision regarding a number of variations to the annual leave provisions contained in all modern awards. One of those provisions related to the cashing out of leave.

Prior to this decision cashing out was only allowed if the person was award free (in the case of the Meat Industry Award it does not apply to employees engaged to undertake managerial duties and responsibilities at the level of foreman and above) or were covered under a registered enterprise agreement that provided for cashing out.

Although cashing out is now allowed for award employees it still has conditions attached to it. This includes:

- a) Only a maximum of 2 weeks' paid annual leave can be cashed out in any 12 month period (pro-rata for part-time employees), with additional safeguards for those under 18 years old; and
- b) The employee must retain at least four

weeks of accrued annual leave after the cashing out has occurred.

It is compulsory for the employer and the employee have a written agreement specifying the amount of leave to be cashed out as well as the date on which the payment is made. This must occur on each occasion. If the employee is under 18 years of age, such agreement must be signed by the employee's parent or guardian.

Some **Frequently Asked Questions and Answers** regarding the cashing out of annual leave are as follows:

- Q1. At what rate is it paid?
A1. The payment for cashed out annual leave has to be the same as what the employee would have been paid if they took the leave. This would include 17.5% leave loading.
- Q2. Do I have to pay the compulsory superannuation on it?
A2. Yes. This is because cashed out annual leave is considered as ordinary time earnings for the purpose of calculating the Superannuation Guarantee employer contribution.

The Australian Taxation Office issued a Ruling in 2009 which states that lump sum arrears

payments of unused leave otherwise than on termination are Ordinary Time Earnings (OTE). Unused leave paid out on termination of employment however is not included in an employee's OTE for Superannuation Guarantee purposes. To read more on the Ruling please see this page on the ATO website: <http://bit.ly/2xwVork>

- Q3. Does the cashed out payment have to be paid all at the same time?
A3. This can depend upon how the employee wants to be paid. However, the employee has to be careful when cashing out annual leave. Because in that one week you cash it all out they will get hit with a high tax amount because it is added on the weekly wage paid for the work performed in that same week. The best way to cash out annual leave is for it to be in instalments. For example, if they wanted to cash out two weeks, recommend to them to average out over two weeks worked.
- Q4. Is there a prescribed form that has to be filled out for this purpose?
A4. There is no compulsory form. However, a sample form is contained in Schedule H in the Meat Industry Award.

AGREEMENT TO CASH OUT ANNUAL LEAVE

Name of employee: _____
Name of employer: _____

The employer and employee agree to the employee cashing out a particular amount of the employee's accrued paid annual leave:

The amount of leave to be cashed out is: _____ hours/days

The payment to be made to the employee for the leave is: \$_____ subject to deduction of income tax/after deduction of income tax (strike out where not applicable)

The payment will be made to the employee on: _____/_____/20_____

Signature of employee: _____

Date signed: _____/_____/20_____

Name of employer representative: _____

Signature of employer representative: _____

Date signed: _____/_____/20_____

Include if the employee is under 18 years of age:

Name of parent/guardian: _____

Signature of parent/guardian: _____

Date signed: _____/_____/20_____

Member Profile

Peter Gianfrancesco - Pete's Chop Shop



Pete's Chop Shop had been trading in Australind for five years and recently moved a few minutes' drive south to a brand new shopping plaza in Treendale. "We completely remodelled it by ourselves," said owner Peter Gianfrancesco. "It is a rustic Italian styled butcher shop," he proudly added.

The Gianfrancesco family have been butchers for many generations and the legacy is carrying on with his son Antonio, who is an apprentice at the shop. They also have another apprentice, floor staff and an office manager. "We are often complimented on our customer service and the great advice and information we give our customers on all our products," said Peter.



Son & apprentice Antonio, Peter & apprentice Tim Seinor

Peter got his start in the industry at Charlie Carters Meat Department as an apprentice, moving up to become their Meat Manager. He has come a long way since then and said he would "love to have various Pete's Chop Shops spread around the South West."

What makes the shop unique is a combination of a number of things. "Product range, local produce, a huge range of specialty condiments, pasta and sauces as well as the best customer service," explained Peter.

"Many of our customers are local but we also supply to customers in Perth and as far south as the Margaret River," said Peter. The business also supplies local pubs, clubs, restaurants and cafés. One service is the innovative *Monday - Friday Slow Cooker Meals* where customers can drop off their slow cookers and pick them up the next day with a delicious meal of beef, lamb, pork or chicken that will feed a family of six!



Some of their many other products and services on offer include kebabs, schnitzels, marinated cuts, roasts, seafood, relishes & chutneys, daily specials, gluten free foods, game meat, smallgoods, bulk meat packs, a range of pet food, party platters and complete catering packages.



From 2013 -2016 Pete's Chop Shop entered the Sausage King and won 3 out of 4 categories with their popular Italian Sausage and their Surf & Steer. "It brought great recognition and advertising for our business," said Peter.



Pete's support many local schools and sports clubs as well as charities through sausage sizzles, donations and meat packs.

On his days off Peter likes fishing and just sitting on his patio "enjoying a cold beer." His advice to anyone wanting to enter the industry is to "Do it right the first time & don't skimp on quality."

www.peteschopshop.com.au

Thank you to our Industry Partners



Welcome to our New Members

- Anthony Pulella, Carne Cucina Quality Butchers, Ballajura
- Jacob Wilkinson, Jake's Continental Butchery, Kardinya