

Annual Leave Policy

For Australian Small & Medium Enterprises

Template Version 1.0 | December 2024

Important Notice

This template reflects the National Employment Standards (NES) minimum entitlements. Your modern award or enterprise agreement may provide additional entitlements. We recommend checking your specific award or agreement.

1. Purpose

This policy outlines the annual leave entitlements and procedures for [Company Name] employees in accordance with the National Employment Standards (NES), the Fair Work Act 2009, and any applicable modern award or enterprise agreement.

2. Scope

This policy applies to:

- All full-time employees
- All part-time employees (on a pro-rata basis)

Note: Casual employees do not accrue annual leave but receive a casual loading in lieu of leave entitlements.

3. Entitlements

3.1 Annual Leave Accrual

Under the NES, employees are entitled to:

- Full-time employees: 4 weeks (152 hours or 20 days) per year
- Part-time employees: Pro-rata based on ordinary hours worked
- Shift workers (as defined): 5 weeks per year

Annual leave accrues progressively during each year of service and accumulates from year to year.

3.2 Annual Leave Loading

Annual leave loading may apply as follows:

- Check your applicable modern award or enterprise agreement for leave loading provisions
- Typically 17.5% of the employee's base rate of pay
- [Company Name] will apply leave loading as required by the applicable award or agreement

3.3 Accrual Rate

Annual leave accrues:

- From the first day of employment
- During periods of paid leave
- During periods of unpaid community service leave
- Does not accrue during periods of unpaid leave (except community service leave)

4. Requesting Annual Leave

4.1 Notice Period

Employees should submit leave requests:

- As early as possible to allow for planning
- At least [insert period, e.g., 2 weeks] before the requested leave start date
- Longer notice for extended leave periods (e.g., 4 weeks for leave of 2 weeks or more)

4.2 How to Apply

- Complete a leave request through [insert system/form]
- Specify the dates and duration of leave requested
- Submit to your supervisor for approval

4.3 Approval

[Company Name] will consider leave requests based on:

- Operational requirements and staffing levels
- Other approved leave during the same period
- The employee's leave balance
- The employee's prior leave history

Approval will not be unreasonably refused. If a request cannot be approved, alternative dates will be discussed.

5. Taking Annual Leave

5.1 Minimum Leave Period

Annual leave can generally be taken in:

- Periods of at least one day
- Shorter periods by mutual agreement

5.2 Leave During Shutdown

If [Company Name] closes for a period (e.g., Christmas shutdown):

- Employees may be directed to take annual leave during the shutdown
- At least 28 days' written notice will be provided

- If insufficient leave balance, unpaid leave may apply (by agreement)

5.3 Public Holidays During Leave

Public holidays that fall during a period of annual leave:

- Are not counted as annual leave
- Paid as public holiday entitlements

6. Excessive Leave Accrual

6.1 Definition

Leave balances are considered excessive when they exceed:

- 8 weeks for standard employees
- 10 weeks for shift workers

6.2 Managing Excessive Leave

If an employee has an excessive leave balance:

- [Company Name] will discuss leave planning with the employee
- Employees may be requested to take leave to reduce the balance
- [Company Name] may direct the employee to take leave with appropriate notice
- Any direction must not reduce the balance below 6 weeks

7. Leave in Advance

[Company Name] may, at its discretion, allow employees to take annual leave before it has accrued. If employment ends before the leave is accrued:

- The unaccrued portion may be deducted from final pay
- Written agreement is required for leave in advance

8. Cashing Out Annual Leave

Annual leave may be cashed out if:

- Permitted by the applicable modern award or enterprise agreement
- A written agreement is made each time leave is cashed out
- At least 4 weeks annual leave balance remains after cashing out
- Payment is at the full rate including any leave loading

9. Payment on Termination

When employment ends:

- All accrued but untaken annual leave will be paid out
- Payment includes any applicable leave loading
- Payment is made at the employee's base rate of pay at the time of termination

10. Record Keeping

[Company Name] will maintain accurate records of:

- Annual leave accrued
- Annual leave taken
- Leave balances
- Leave loading paid

Employees can request a copy of their leave records at any time.

11. Responsibilities

11.1 Employees

- Plan and request leave in advance
- Manage leave balances to avoid excessive accrual
- Use leave for rest and recreation
- Follow leave request procedures

11.2 Managers

- Approve leave requests in a timely manner
- Consider operational needs when approving leave
- Monitor team leave balances
- Encourage employees to take regular leave

12. Review

This policy will be reviewed:

- At least annually
- When NES or award changes occur
- When business needs change

Employee Acknowledgement

I acknowledge that I have read and understood [Company Name]'s Annual Leave Policy. I understand my entitlements and agree to follow the procedures for requesting and taking annual leave.

Employee Name: _____

Signature: _____

Date: _____