Four for Five

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Major changes/additions since the last version was approved are indicated by a vertical line in the left-hand margin.

1 Introduction

1.1 Purpose

To provide an option where Ara Institute of Canterbury Limited (Ara) colleagues can work for four years and have a fifth year without employment responsibilities.

1.2 Scope and Application

a The scheme is available to all full-time permanent/tenured colleagues.

b Applications from proportional colleagues will be considered, depending on Ara operational requirements.

1.3 Formal Delegations

Refer *CPP120b People and Culture Delegations Schedule*.

1.4 Definitions

a **Accumulated service:** The period of time recognised as service from commencement of employment.

b **Employment Responsibilities:** All tasks, outputs, activities, and expectations associated with the colleague's contract of employment with Ara.

Related Ara Procedures	**Related Ara Policies**
• Academic Staff Employment Agreements	• CPP214 People & Culture Management
Related Legislation (and amendments) or Other Documentation • Employment Relations Act 2000 • Education and Training Act 2020 • Public Services Act 2020 • TEU Collective Employment Agreement	**Good Practice Guidelines** (indicate if attached to policy or where they can be found) • Nil

All policies on the Ara Waituhi are the current version. Please check date of this hard copy before proceeding.

References

- Nil

Notes

This scheme was introduced from 2002 and initially included with the People and Culture Management policy (as an attachment). The 2010 version was substantially changed.

Management and colleagues may seek further advice regarding the Four for Five Scheme from:
their immediate supervisor
the designated People and Culture Business Partner for their area
People and Culture
Waituhi.

2 Principles

2.1 Ara is committed to flexible working arrangements for its colleagues, within the boundaries of Ara priorities.

2.2 Ara is a learning organisation and creates opportunities for colleagues to explore a wide range of options.

2.3 The use/application of the fifth year of this option is entirely at the colleague's discretion. The colleague is effectively on approved unpaid leave.

3 Associated procedures for Ara Corporate Policy on: Four for Five

Contents:

3.1 The Scheme

a A colleague who is on the Four for Five scheme works the first four years.

b During the first four years:

i any period of Leave Without Pay (LWOP) does not count towards entitlement.

ii any period of Academic Study Leave (ASL) does count towards entitlement.

c For the fifth year, the colleague is on full leave classified as "leave without pay".

d Service is considered continuous, except that Year Five (the year in which the colleague member is on leave) is not included in any calculation of accumulated service.

e Noting 3.1(g), the fifth year can be used in any way the colleague wants. Ara has no claim on their time. Current ACC law does not cover a colleague in the event of an accident while on leave of this nature.

f The current income protection scheme will not apply during this period of leave.

g Although on approved leave in the fifth year, colleagues' common law obligations as an employee of Ara means that they must not do anything that actively seeks to undermine Ara interests.

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3.2 Application Process

a	Applications to take up the Four for Five employment option will be made in writing to the Executive Director of the colleagues Division in the year prior to Year One of the scheme. The Executive Director will consider, comment on, and forward the application with a recommendation to the Executive Director, P&C.

b	Acceptance of an application will not be unreasonably withheld. However, issues such as the effect on the work team and/or institution (e.g., number of colleagues on leave at the same time, likely ability to recruit/redeploy others to cover in the fifth year) will be taken into account.

c	The colleague is required to confirm in writing four months before the end of their fourth year in the scheme that they will be taking leave for the fifth year.

d	It is strongly recommended that colleagues applying to enter the Four for Five option seek independent advice, including financial advice, to determine whether it is suitable for them.

3.3 Financial Implications

a	Colleagues taking up the Four for Five Scheme have two options available to manage the financial implications of the fifth year on leave.

Option A:

i	The colleague receives 100% of their salary for the first four years and is granted leave without pay for the fifth year.

ii	Colleagues taking up this option will be required to sign a document that they understand that the financial and related issues are their own concern in the fifth year.

Option B:

i	The colleague receives 100% of their full salary for four years.

ii	For the first four years the colleague works full-time, with no substantive changes to their duties and workload. Agreement is entered into whereby Ara will pay 20% of the net salary (after tax and any other deductions required) into a nominated personal account provided by the employee.

iii	For the fifth year, the colleague is on full leave classified as "leave without pay". During this year the employee will use the amount paid into the nominated account in a manner of their choosing.

iv	Any interest that has accumulated in the nominated account is to the employee's benefit as are the obligations for tax on such interest.

b	Where a colleague contributes to Government Superannuation Fund (GSF) the full (100%) GSF contributions will be made in Years 1 – 4, but in the fifth year, Ara will not pay GSF contributions, as the colleague is on leave without pay.

c	Kiwisaver employer contributions are based on the colleague's gross salary therefore those contributions will not be paid in the fifth year. Colleagues need to make arrangements for payment of their employee contribution.

There may be personal tax issues that arise out of the circumstances of the fifth year on unpaid leave which will be the responsibility of the individual.

3.4 Withdrawal from the Scheme

From Option A:

a With three months' notice, any colleague may elect to withdraw from the Four for Five employment option during any year of the scheme, except during the last four months of the fourth year.

b Once colleagues are in the Four for Five scheme, they are in it for the full five years or until they withdraw from the scheme or resign from Ara.

From Option B:

a If a colleague involved in the Four for Five option resigns from Ara at any time during the five-year period, they shall be paid out for any untaken leave that has accrued. Where deductions are being made to a nominated account for the employee, such deductions will cease and the final pay, including untaken accrued leave, will be paid into the employee's normal primary bank account. If a colleague resigns during or at the end of the fifth year, normal notice periods apply.

b With three months' notice, any colleague may elect to withdraw from the Four for Five employment option during any year of the scheme, except during the last four months of the fourth year. At the end of the three months' notice period, the colleague returns to 100% of their salary and no further deductions of 20% of net salary will be made to the employee's nominated account.

3.5 Job Security and Returning from the Fifth Year

a The colleague is entitled to the same position held prior to the year on leave, allowing for ordinary changes that occur over the period of a year.

b The full salary (100%) shall be at the same rate as when the colleague went on leave, plus any inflation and/or collective employment agreement adjustments that were made in the year of absence.

c Although Ara has an obligation to keep the colleague's job open for them to return to after the fifth year, in the event of any situation arising which may result in a significant job change or otherwise affect employment, colleagues who are on leave during the fifth year are not exempt from consideration. Notification of any such situation will be in accordance with the required consultation process.

d Any request for early return to work would be considered solely at the discretion of the Institute.