



Australian Principals Federation – Position Statement

Personal Leave Cash-Out at Retirement – A Cost and Stability Reform

Clause 24 (4) (c): Leave

Personal Leave

- (c) On resignation or retirement from any PCE position, the PCE will be paid a cash payment equating to 50% of the balance of unused personal leave credits. This payment is to be paid to the PCE in the final settlement on resignation or retirement.

(APF Log of Claims pp 24)

The Australian Principals Federation (APF) proposes the introduction of a provision within the new Agreement that would allow principals who are at, or have reached, retirement age to cash out up to 50% of their accrued personal/sick leave upon retirement.

This proposal is put forward not as a loyalty or service recognition measure, but as a strategic and financially responsible mechanism that delivers clear cost savings, supports leadership continuity, and reduces operational risk for the Department.

1. A Cost-Saving Measure for the Department

Accrued personal leave sits on the Department's balance sheet as a liability. Under current arrangements, when principals utilise extended personal leave late in their career, whether due to deteriorating health or accumulated fatigue, the Department bears the dual cost of:

- paying the principal's salary during personal leave, and
- funding replacement staffing or acting arrangements at the school.

A controlled cash-out provision at retirement reduces the likelihood of high-cost, long-term personal leave absences, allowing the Department to retire a portion of this liability at a predictable, capped rate. This provides a more efficient, transparent and fiscally manageable approach to the end-of-career phase.

2. Minimising Disruption and Strengthening Leadership Stability

Extended late-career absences can significantly destabilise schools. They lead to:

- prolonged periods of acting appointments
- interruptions to school improvement work
- inconsistent decision-making
- increased pressure on staffing
- heightened workload for assistant principals and leadership teams.

A structured cash-out option at retirement reduces the operational risk associated with unplanned or protracted absences by encouraging principals to plan their retirement rather than working until ill health necessitates extended leave.

This supports orderly succession, controlled transition planning, and greater stability for schools, students, and staff.

3. Supporting a Sustainable Leadership Pipeline

The provision will:

- allow regions and school councils to plan leadership transitions earlier and more systematically
- reduce the churn of unplanned vacancies
- provide clarity for aspiring leaders entering the pipeline
- support continuity of school operations during transition phases.

A predictable end-of-service process strengthens the overall leadership workforce systemwide.

The APF recommends that the Agreement include a provision enabling principals who retire from the Department at or beyond retirement age to cash out up to 50% of their accrued personal/sick leave.

This reform:

- delivers department-wide cost savings;
- reduces the risk and cost of late-career long-term absences; and
- supports stable, planned, and sustainable leadership transitions across Victorian government schools.

It is a practical workforce management reform that benefits the Department, stabilises school operations, and strengthens the leadership pipeline.

Tina King

(On behalf of APF bargaining team)