



PERSONNEL DEPARTMENT CIRCULAR MEMORANDUM

FROM : Chief Personnel Officer

TO : All Permanent Secretaries, Heads of Departments, Heads of Statutory Authorities subject to the Statutory Authorities Act, Chapter 24:01 and the Chief Administrator, Tobago House of Assembly

DATED : June 24, 2002

SUBJECT : **Revised policy re: the payment of compensation in lieu of unutilized annual (vacation) leave.**

As you are aware, arrangements exist for the payment to public officers of compensation in lieu of unutilized annual (vacation) leave in the following circumstances:

- (i) on compulsory retirement - where owing to the exigencies of the service, it is not practicable to grant an officer all or part of the annual leave which is due to him prior to his retirement;
- (ii) on movement from one Service/Statutory Authority to another - where an officer moves on a permanent basis from one Service/Statutory Authority to another which does not allow for annual (vacation) leave earned to be carried forward;
- (iii) through administrative error - where it is found that at the date of compulsory retirement, an officer still has unutilized leave to his credit; and
- (iv) upon death - where at the time of death, an officer has annual (vacation) leave to his credit.

2. In addition, in the case of persons engaged on contract, payment may be made in lieu of leave earned in respect of their contract employment but which they are unable to utilize prior to their taking up permanent appointments in the Public Service. The matter of payment also arises where contracts are terminated by the State with immediate effect, thus eliminating the opportunity for the persons engaged to proceed on such leave for which they may be eligible.

3. In the circumstances described above, payment/compensation in lieu of unutilized leave is approved by the relevant Minister under authority delegated by Cabinet in Minutes No. 557 dated May 9, 2001 and No. 773 dated June 20, 2001 and the following guidelines apply:

- (i) compensation shall be based on the officer's rate of salary and be subject to deduction for tax purposes;
- (ii) compensation shall not include payment of allowances eg. COLA, travelling allowance, etc; and
- (iii) **in the cases of persons employed on contract, the compensation payable shall, in addition to (i) and (ii) above, not attract payment of gratuity** (which is based on a percentage of salary earned over the period of the contract).

4. I wish to inform you that the policy guidelines set out at paragraph 3 above have been varied with effect from **January 1, 2002**. The revised policy in respect of compensation in lieu of unutilized vacation leave now provides, that:

- (a) where an officer/person engaged on contract is not permitted/able to utilize all of his vacation leave in the circumstances described in paragraphs 1 and 2 above, he should be paid, in addition to salary, those allowances which would **normally** be payable to such officer/person engaged on contract while on vacation leave;
- (b) payment is to be made at the rate of salary and allowances applicable at the officer's/person's **last day** in service; except where, in the case of a person on contract, payment is being made in respect of leave earned under a former contract. In this event, the salary/rates of allowances applicable under the former contract should apply; and
- (c) in the case of persons engaged on contract, the **salary** component should be taken into account for purposes of computation of any gratuity payable.

5. Please ensure that the contents of this Circular Memorandum are brought to the attention of all relevant personnel in your Ministry/Department/Statutory Authority.

Sandra Marchack
Chief Personnel Officer