

# Voluntary Targeted Separation Scheme 2026: Information for Employees

## Overview

The Voluntary Targeted Separation Scheme 2026 (VTSS 2026) is one of the workforce management measures of the Fiscal Strategy announced by the WA Government in the 2026-27 State Budget.

The Fiscal Strategy is designed to help moderate the growth of non-frontline roles and address agency sustainability issues.

VTSS 2026 is being delivered under Regulation 16 of the Public Sector Management (Redeployment and Redundancy) Regulations 2014 (Regulations).

It involves the funding of 1,500 employee exits across participating agencies. Employees in non-frontline roles are eligible for VTSS 2026; employees in frontline roles that provide services directly to the community are **not eligible** (see page 2).

## Key points

- VTSS 2026 is voluntary. Employees cannot be directed to apply or participate.
- VTSS 2026 is targeted. Agencies are responsible for determining who is invited to apply for a separation; and then assessing and selecting applications for approval.
- Agencies are required to give priority to existing surplus (registrable and registered) employees.
- Agencies are responsible for managing and supporting all employees throughout the VTSS 2026 process.
- Substituted severance is available. This is where an employee is transferred to a position that is required on an ongoing basis to allow the occupant of that position to take a severance payment.
- Applications for VTSS 2026 open on **1 July 2026** and must be received no later than close of business **5 November 2026**.
- Employees who accept formal offers are required to leave the public sector no later than **3 December 2026**.
- Senior Executive Service and Health Executive Officers are not covered by VTSS 2026 but can be exited via existing compensation provisions.
- Employees cannot be made registrable or be registered as part of this process.

## Scope

VTSS 2026 authorises an employing agency to make offers of voluntary severance to public sector employees in non-frontline roles except the following employees as provided for under Regulation 5:

- Chief executives, senior executives and health executives
- Employees to whom the *Public Sector Management Act 1994* section 59 applies
- Employees to whom the *Health Services Act 2016* Part 9, subdivision 4, section 133 applies
- Ministerial officers
- Casual and seasonal employees
- Employees who have given written notice to retire or have been notified to retire from employment on the grounds of ill health
- Employees notified in writing their employment in the public sector is to be terminated because of substandard performance
- Employees notified in writing they are to be dismissed for disciplinary reasons

Employees who have given written notice to retire or resign cannot be offered a severance under VTSS 2026.

## Eligibility

Employees in **non-frontline roles are eligible** for VTSS 2026. Non-frontline roles provide internal support and business services such as:

- accommodation and facilities management
- accounting and finance
- project management
- change management
- policy and research
- governance
- management and administration
- audit and risk
- legal services
- human resources (including payroll; work health and safety) and industrial relations
- data and business analysis
- information technology
- marketing and communications
- ministerial liaison and support
- procurement and contract management
- professional standards and integrity
- records management.

Employees in **frontline roles are not eligible** for VTSS 2026. Frontline roles provide an ongoing service or product directly to the public and generally require a physical presence such as:

- schools, teaching and education support
- health and primary care
- social and welfare services
- courts and prisons
- emergency services.

## Calculating severance payments

VTSS 2026 allows for a payment calculated as follows:

1. Severance payment of 3 weeks' pay for each completed year of service up to a maximum of 52 weeks (as determined in accordance with Regulations 3 and 13)
2. Incentive payment for early resignation whereby an employee who accepts an offer under VTSS 2026 and resigns:
  - less than one week after acceptance receives 12 weeks' pay
  - more than one week and less than 2 weeks after acceptance receives 8 weeks' pay
  - more than 2 weeks and less than 3 weeks after acceptance receives 4 weeks' pay.
3. Any other amounts payable under any relevant employment instrument and cash in lieu of all accrued long service leave (as determined in accordance with Regulation 14)

Employees can use the calculator on [WA.gov.au](http://WA.gov.au) to generate an estimate of their severance payment. The final payout is determined by the employing agency using the dates of the application approval and last day of work so it may differ from the amount the calculator generates.

Employees whose applications for VTSS 2026 are approved are:

- required to resign no later than 4 weeks after the day on which the offer is accepted (employees are offered incentive payments to leave earlier than this which can be negotiated with the employing agency – see above)
- not permitted to work in the public sector for a period equal to the number of weeks used to calculate the severance payment (this “period of restriction” is calculated and communicated by the employing agency and commences on the day after the severance payment is made).

## Applications

The chief executive officer of the agency is responsible for:

- determining the employees in non-frontline roles that are invited to apply
- assessing and approving applications received
- making offers of substituted voluntary severance where appropriate.

Applying for VTSS 2026 does not guarantee approval.

## Consultation with unions and employees

Agencies will notify and consult public sector unions and employees.

## Taxation and superannuation considerations

Genuine redundancy payments generally attract concessional taxation benefits. Certain conditions determine what represents a genuine redundancy. The ATO has information about [genuine redundancies](#) and [Eligible Termination Payments](#).

The employing agency determines whether the circumstances of separation for an individual employee represents a genuine redundancy and applies the required taxation arrangements.

While the employing agency is obliged to deduct an appropriate amount for taxation, there is the possibility the ATO could at a later time question the treatment applied given differences in individual employment circumstances.

If this situation occurs, employees are responsible for paying any additional taxation on severance payments as determined by the ATO.

Employees are encouraged to obtain advice directly from the ATO about taxation for their personal circumstances. Similarly, employees are encouraged to contact their superannuation provider to obtain current and relevant advice that relates to their personal circumstances.

## Further information

For information about VTSS 2026, employees need to follow advice from their agency about appropriate agency contacts.

The Public Sector Commission and Department of Treasury and Finance should not be contacted by employees.