

# Salary Packaging Policy

## Section 1 - Purpose / Objectives

(1) This policy establishes a framework to facilitate eligible staff to confidently exercise voluntary salary packaging of available benefits.

## Section 2 - Scope / Application

(2) This policy is important to:

- a. All eligible staff.

## Section 3 - Definitions

(3) Salary Packaging — a legitimate scheme which allows eligible staff members to nominate the University to pay for benefits in future as a substitute for salary. The value of benefits taken results in a reduction to the staff member's gross salary before income tax is determined.

(4) Salary Package Agreement — a signed agreement between the employer and staff member, where the staff member agrees to forego all or part of their future entitlement to salary in return for the employer providing benefits of equal value.

(5) Fringe Benefits Tax (FBT) — a tax paid by employers on certain benefits provided by employers to staff in place of or in addition to salary. Under University salary package arrangements, any FBT applicable to benefits provided is paid by staff as part of the value of the benefit.

(6) Novated Lease — is a vehicle leased to a staff member from a contracted vehicle supplier for a specified term with a set purchase or residual value paid by the staff member at the end of the lease to own the vehicle.

## Section 4 - Policy Statement

(7) The VU salary packaging scheme offers a range of options to eligible employees to sacrifice part of their future remuneration in exchange for non-cash benefits.

(8) The administration of the scheme, with the exception of vehicle leasing, is undertaken by Employee Benefits, People and Culture and participation in the scheme is voluntary.

### Eligibility

(9) The VU Salary Packaging Scheme is available to all continuing and fixed term staff for the full range of benefits. However, staff on a fixed term contract who wish to take up a novated vehicle lease, must have a contract date beyond the end of the lease term. Casual and Sessional staff will be allowed to salary package voluntary superannuation contributions to University default superannuation funds from the start of the 2010/2011 financial

year.

## **Financial Advice**

(10) There is no limit on the amount of a staff member's salary which can be salary packaged. However, the University strongly encourages all interested staff to obtain financial advice before commencing a salary packaging arrangement.

(11) Information contained in this policy or on the People and Culture website does not constitute investment or financial product advice and University staff do not offer investment or financial product advice.

## **Salary Package Agreement**

(12) An individual salary package agreement between the University and a staff member must be executed before any benefits are provided. A staff member's substantive salary, before the effect of any salary package benefits, will remain the basis for the calculation of other remuneration benefits including employer superannuation, termination payments, overtime and shift penalties and annual leave loading.

## **Range of Benefits**

(13) The range of items available to be salary packaged is restricted to benefits which do not incur FBT or where FBT is charged on a concessional basis. A list of benefits available is provided below:

- a. Concessional FBT
  - i. Vehicle Leasing — Novated
- b. FBT Exempt
  - i. Superannuation — to University default funds
  - ii. Membership at University gymnasiums and locker hire
  - iii. Qantas Club memberships
  - iv. University employment related relocation costs
  - v. Professional Memberships and Union Fees
  - vi. University Campus Parking Fees (VU owned and operated)
  - vii. Lump Sum Performance Payments

(14) Benefits requiring business substantiation in accordance with the Income Tax Assessment Act 1997 or work related test to satisfy the Fringe Benefits Tax Assessment Act 1986 are not provided (eg. Laptop computers and mobile phones). The range of benefits available may be altered at any time as a result of legislative change that effects the FBT status.

## **Accountability**

(15) The cost of salary package benefits is to be met by staff pay deductions, unless otherwise arranged. Where an employee's salary reduces to an extent that their packaging deductions can no longer be maintained (change in time fraction, LSL at half pay or Leave without Pay), Employee Services must be contacted at least one month in advance of the change, in order to negotiate the continuation or cessation of the packaging arrangements.

(16) People and Culture will ensure that up to date information on salary packaging benefits and tax legislation regarding salary packaged benefits is available to staff.

(17) The salary packaging scheme operates at no cost to the University and any penalties or charges relating to any arrangement will be met by the employee.

(18) Effective November 2012, nlc, as the sole contracted vehicle leasing supplier, will be responsible for the maintenance and reconciliation of vehicles at lease end. Any credit will be repaid to the staff member as a taxable payment and any residual deficit will be repaid by the staff member from pre-tax earnings. Existing leasing arrangements with previous suppliers will continue until lease end.

### **Withholding of Benefits**

(19) The University reserves the right to:

- a. withhold any salary package benefits or remuneration in the event of unforeseen costs arising from any breach of a salary package agreement by a staff member.
- b. refuse any individual request to participate in the scheme, including vehicle leasing, where it is deemed by the General Manager, Employee Services that there is a reasonable risk of default.
- c. review and amend the range of benefits available to staff at any time.

### **Mileage Claims**

(20) Staff with novated leases are entitled to receive a taxable per kilometre allowance when using salary packaged vehicles for business use. Payment rates are set in accordance with the rates as published by the Australian Taxation Office.

(21) Staff receiving a University vehicle allowance are not able to claim reimbursement for business travel.

### **Employees Obligations and Responsibilities**

(22) The employee accepts and agrees:

- a. that it is their responsibility to seek independent financial advice to their specific circumstances before entering into any salary packaging arrangement;
- b. that neither the University, its officers, employees, suppliers, contractors, or agents will be liable or held responsible in any way whatsoever as a result of the employee entering into an arrangement;
- c. to indemnify and keep indemnified the University, its officers, employees, suppliers, contractors, or agents against any such liability or responsibility;
- d. to be bound by the arrangements, procedures and requirements contained in this policy, salary packaging guidelines and salary packaging agreement;
- e. the information contained in this policy and salary packaging guidelines, is given on the understanding that it neither represents nor is intended to be advice or that the University is engaged in rendering any advice.

## **Section 5 - Procedures**

(23) Steps to observe for staff interested in salary packaging are available in the Salary Packaging Information Sheets available on the People and Culture web site .

## **Section 6 - Guidelines**

(24) Nil

## Status and Details

<b>Status</b>	Historic
<b>Effective Date</b>	17th September 2014
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