

UNIVERSITY OF WESTERN SYDNEY

SALARY PACKAGING (SALARY SACRIFICE)

GUIDE

FOR ACADEMIC AND GENERAL STAFF

MEMBERS

Disclaimer

Whilst care has been taken to ensure the accuracy of the information contained within this guide, the following information is intended as a general guide only and it is important to understand that it is not the intention to provide every piece of information in relation to salary packaging (salary sacrificing).

This guide has been prepared to provide you with key information to help you understand how salary packaging (salary sacrificing) works at UWS and how it affects you. As each employee has individual needs and financial circumstance, employees should conduct their own investigation of the information contained in this guide. Employees who wish to participate in the salary packaging (salary sacrificing) scheme should seek independent financial planning advice.

UWS and employees involved in the development of this guide disclaim all liability for the result of action taken by the employee on the basis of this guide in respect to anything done or omitted to be done.

Please Note: Salary Packaging is defined as Salary Sacrifice for ease of reference in this guide.

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1. Introduction:

- 1.1 Both the Academic and the General Staff Agreements 2009 – 2012, contain a provision (clause 16 and 17 respectively) agreeing in principle, to the extension of salary packaging options available to employees.
- 1.2 UWS employees, with the exclusion of casual employees, are able to participate in the salary packaging scheme. The salary packaging scheme allows an employee the option of structuring their total remuneration as a combination of cash and/or approved benefits in order to meet their individual needs and financial circumstances.
- 1.3 The approved salary packaging options which employees are able to salary sacrifice for include the following:
- 1.3.1 Standard and additional superannuation contributions
 - 1.3.2 On campus child care
 - 1.3.3 University car parking
 - 1.3.4 Motor vehicle – novated lease
 - 1.3.5 Lap top or notebook computer
 - 1.3.6 UWS Connect Fitness Gym Membership
- 1.4 The guidelines provide information about how salary packaging works at UWS, what approved options are available, effects on staff entitlements and the advantages gained through salary packaging.
- 1.5 The approved options are offered in accordance with state and federal taxation laws and regulations. Should these laws and regulations change and have subsequent affect on the offer of approved options, the University reserves the right to discontinue the offer of options mentioned in this guide.
- 1.6 Participation in the salary-packaging scheme is optional and voluntary. Therefore, it is the employee's responsibility to read this guideline. Due to each employee's personal and financial circumstance being different, it is highly recommended that each employee seek independent financial advice prior to making the decision to participate in this scheme.
- 1.7 As agreed by the University and the respective Unions, additional operational principles and conditions may be added to these Guidelines from time to time.
- 1.8 This guideline is separate from and is not to be confused with the Senior Executive Remuneration Model or the UWS Motor Vehicle Policy and Procedures.

2. Staff Eligibility

- 2.1 Academic or General Staff employed on an ongoing (full time/part time) or fixed-term contract basis are eligible to participate in the salary packaging scheme if they wish.
- 2.2 Employees who are employed on a casual employment basis are not eligible to participate in the salary-packaging scheme.

3. Operating Principles

- 3.1 Approved salary package options have been developed in accordance with the requirements as set by the Australian Taxation Office.
- 3.2 The quantum of salary that eligible employees can salary package, in respect of current approved options is unrestricted.
- 3.3 A salary package will operate on a per annum basis and will automatically continue from year to year unless pre-determined package arrangements have a final date or advice from the employee ceasing the arrangement is received by the Office of Human Resources.
- 3.4 Employees can review and adjust their salary package options on an annual basis. Excessive package alterations within that time frame may incur an alteration fee.
- 3.5 All parties entering into a salary packaging arrangement shall be entitled to terminate their package if:
- (i) changes to legislation would involve them in financial disadvantage;
 - (ii) any other events or circumstances occur and eight weeks notice in writing terminating the arrangements is provided to the Director, Human Resources.
- 3.6 The employee who intends taking unpaid leave or reduced paid salary from the University is responsible for adjusting or continuing their salary package arrangement during the period involved.
- 3.7 A salary package arrangement will automatically terminate if an employee:
- (i) is in breach of the principles outlined in this guide is in breach of the terms and conditions of the University supplier
 - (ii) ceases ongoing or fixed term employment with the University
- 3.8 Salary packaging arrangements will automatically cease on the date an employee ceases ongoing or fixed-term employment at UWS. The salary package will be reconciled and any outstanding payments to meet salary packaging arrangements (except for Novated Leases - see **5.4 Motor Vehicle Novated Lease** below), will be deducted from the employee's final salary and/or leave entitlements. Should the employee's final salary not cover outstanding payments, the University will contact the employee to make arrangements for the recovery of these payments. If the employee does not attempt to finalise the outstanding payments, the University will take legal action to enforce its right to debt recovery.
- 3.9 Salary packaging will not affect an employee's entitlement to paid leave (sick leave, annual leave, long service leave etc), or to deductions for union payments, compulsory superannuation contribution etc. These will be calculated using an employee's normal gross salary prior to salary packaging.
- 3.10 The University will not disclose information pertaining to the employee except where required by law or as required by relevant University employees in the due course of their normal work performance.
- 3.11 The University may vary these guidelines should circumstances warrant.

4. Administrative Fees

- 4.1 In accordance with the provisions of both UWS Academic and General Staff Agreements 2009 – 2012, the University is not to incur any liability for benefits entered into under the salary packaging scheme. Therefore, employees wishing to participate in the salary packaging scheme will incur any costs associated with approved options.
- 4.2 Where necessary, administrative fees have been established to recover the cost of providing an approved option. The fees, which incur GST, can be paid via salary package arrangements and cover salaries, establishment costs, maintenance of employees records, payroll adjustments, employee correspondence, maintenance of web site, system requirements and correspondence with suppliers.
- 4.3 Any associated FBT arising from the provision of benefits will be recovered from the employee. FBT will be calculated in accordance with Tax Laws. Some benefits will require the employee to provide estimates so that package costs can be calculated upfront. Where those estimates result in an increased cost to the University, the shortfall will be recovered from the employee. In the case of any shortfall in FBT, the University is required to recover the additional amount prior to the lodgement of the FBT Return to the ATO (i.e. 21 May of each year).
- 4.4 The University will review these fees every 12 months in light of costs of administering salary packaging or any legislative changes. The University reserves the right to adjust administrative fees associated with salary packaging.
- 4.5 The University will give at least four (4) weeks notice to an employee regarding any cost adjustment to the administrative fee.
- 4.6 There currently is no administrative fee charge for approved salary package items such as childcare, superannuation, car parking or laptop/notebook computers.
- 4.7 In addition to the lease cost for a fully maintained operating novated lease agreement for a motor vehicle, an administrative charge of \$5.50 (inclusive of GST) per fortnight will be charged by the University. This administrative fee will be a pre-tax deduction paid via payroll.
- 4.8 Fees and charges will automatically be deducted from an employee's pre-tax salary on a fortnightly basis.
- 4.9 Employees making excessive changes to their salary package will incur an alteration fee of \$50.00 per change.
- 4.10 An alteration fee will not apply to small changes such as a change in bank account details, change of address, etc

5 Approved Salary Package Options

5.1 Standard and Additional Superannuation Contributions

- 5.1.1 Standard and additional superannuation contributions may be salary packaged subject to any policy, procedure and legislative requirements of UniSuper Pty Ltd and complying schemes.
- 5.1.2 Employees can salary package their superannuation, but not of their spouse or partner.

- 5.1.3 Employees who are contributors to superannuation schemes such as SSS and SASS may only salary package additional voluntary contributions into UniSuper.
- 5.1.4 In accordance with the Superannuation Guarantee Legislation, employees are not able to salary package their compulsory or voluntary contributions in order to either avoid or minimise superannuation contributions.
- 5.1.5 Salary packaged superannuation contributions are considered an employer contribution and therefore attracts a superannuation contributions tax, as set by the Government.
- 5.1.6 The Goods and Services Tax (GST) does not apply in respect of superannuation payments.
- 5.1.7 An employee's own superannuation contribution is FBT exempt.

5.2 Child Care

- 5.2.1 UWS offers the provision for childcare fees as a salary packaged arrangement subject to the childcare provider being listed in clause 5.2.2. Casual care arrangements cannot be salary packaged.
- 5.2.2 UWS currently has 4 campus childcare providers:
 - (a) Djalaringi, Penrith Campus
 - (b) UNique Kids, Campbelltown Campus
 - (c) Hawkesbury Campus
 - (d) Nirimba, Blacktown Campus
- 5.2.3 Employees are responsible for enrolling their child(ren) into on campus childcare and notifying the provider of any change to their childcare arrangements.
- 5.2.4 Should a change of child care requirement affect the salary packaging of child care fees, applicable child care forms (located with your child care provider or available from the [HR Forms and Templates](#) page) should be completed and forwarded to HR Client Services immediately for the necessary salary package adjustment.
- 5.2.5 Childcare is GST free.
- 5.2.6 Childcare provided by any of the Centres listed in 5.2.2 is exempt from FBT.
- 5.2.7 Currently UWS allows staff to salary sacrifice child care costs, and the provision of child care for an employee's child in a child care facility located on an employee's premises is exempt from FBT. Current laws allow a parent, where certain criteria are met, to claim a 30% rebate of their out of pocket expenses relating to child care when lodging their tax returns.

The ATO has released a '30% Child Care Tax Rebate' fact sheet available from the following web site:

<http://www.ato.gov.au/taxprofessionals/content.asp?doc=/content/52998.htm>

The fact sheet states that a tax payer cannot claim the rebate if their employer provides them with a child care service on their business premises under a salary sacrifice arrangement. Any employee who currently sacrifices their child care fees should consult their tax adviser for further information.

- 5.2.8 When claiming Child Care Benefits, employees must report their gross salary and not their packaged salary amounts. If you report your packaged salary to the Family Assistance Office, you may receive excess benefits and will be required to refund payments. For more information relating to Child Care Benefits, employees should contact the Family Assistance Office on phone number 136 150.

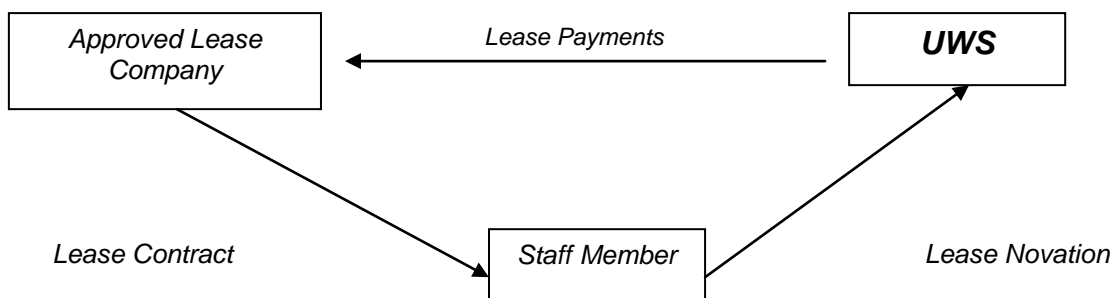
5.3 University Car Parking

- 5.3.1 UWS will allow the payment of University car parking fees to be by packaged arrangements, subject to the car parking being on campus or University leased premises.
- 5.3.2 To package this option, it is necessary to complete an application for car parking permit (available on the [HR Forms and Templates](#) web page) and forward to the Office of Capital Works and Facilities in the first instance. Capital Works and Facilities will then forward the employee's car parking application form to the Office of Human Resources to complete the deduction via the University payroll.
- 5.3.3 The UWS Parking Policy provides for several categories of parking, requiring the payment of a parking fee which are currently set at:
- (a) General parking (Yellow) - \$99 per year, incl GST
 - (b) Communal reserved parking (blue): \$133.00 annual fee, incl GST
 - (c) Dedicated reserved parking (red): \$330 annual fee, incl GST
- 5.3.4 Salary packaging for General (yellow) or communal reserved parking (blue) does not guarantee a parking space.
- 5.3.5 The UWS Parking Policy outlines the responsibility of the employee in relation to parking on University campus, the payment of car parking infringement notices, categories of parking, and the determination of the car parking fees.
- 5.3.6 Car parking fees are inclusive of the GST.
- 5.3.7 FBT does not apply to car parking fees whereby the car parking is on a University Campus or University leased premises.

5.4 Motor Vehicle – Novated Lease

- 5.4.1 UWS offers the option of salary packaging for a new or used motor vehicle by way of a Novated Lease arrangement.
- (i) Novated leasing refers to a three [3] way agreement between the employee, the leasing company and the University.

Under a Novated leasing arrangement, an employee enters into a standard finance lease agreement with the Approved Lease Company for the period agreed between the employee and the Lease Company. The lease is 'novated' to the University which becomes a third party to the lease arrangement and provides the employee with the option of making payments to the Lease Company through salary sacrifice arrangements.



- 5.4.2 At all times, the lease commitments under a novated lease remains the responsibility of the employee signing the lease. All financial obligations and care of the novated lease motor vehicle remains with the employee. If employment with the University ceases for whatever reason, the novation ceases and the original agreement between the employee and the lease company is reinstated. The employee immediately becomes responsible for all lease payments, and other charges from the date of cessation of employment.
- 5.4.3 Only one fully novated leased motor vehicle per employee can be salary packaged. This motor vehicle is for 100% private use and the provisions of the Collective Agreements with respect to the use of private vehicles on University business and the payment of the Car kilometre allowance apply. All claims for the allowance must be made in accordance with the University Domestic Travel Policy (Section 9 – Reimbursement of Minor Travel Expenses for local and field trip type travel).
- 5.4.4 The University will use the services of either SG Fleet (formerly SMB Fleet Management) or NLC Pty Ltd, as the supplier of new or used vehicles for employees seeking to enter into a novated lease arrangement for a motor vehicle. They can be contacted at
- SG Fleet
 Web: <http://www.sgfleet.com>
 Contact telephone number: Toll Free 1800 818 487
- NLC Pty Ltd
 Web: <http://www.nlc.com.au/>
 Contact Telephone Number: Toll Free 1800 643 044
- 5.4.5 Terms and conditions for fully novated motor vehicle leases are set by the above companies. Employees interested in entering into a novated lease should contact either of the above companies to obtain a quotation for a fully maintained novated motor vehicle lease for the vehicle of choice. When logging into the web site, the company login code for sgfleet is UWS.
- 5.4.6 Once an employee has obtained a satisfactory quotation and wishes to enter into a novated leasing arrangement with the chosen company, he /she completes the Company's documentation and sends it to the University's Office of Human Resources (OHR) to ensure eligibility. OHR will establish eligibility of the employee and authorise the documentation to be forwarded to the chosen novated lease company.
- 5.4.7 The novated lease company will advise both the employee and OHR of the leasing amount (per annum) for the motor vehicle and the required fortnightly lease payments (including the FBT component). The University will be advised when the vehicle has been delivered and the operative date for commencement of lease payments. The University will arrange for the required payments to be made from pre-tax dollars and remitted to the chosen lease company.

- 5.4.8 Employee's salary packaging for a motor vehicle will be responsible for the management of the vehicle and for ensuring it is presented for regular service and maintenance.
- 5.4.9 The employee is liable for any infringement noticed incurred by him/her self, spouses, dependents or other drivers of the motor vehicle. Traffic infringements notices cannot be salary packaged.
- 5.4.10 The employee will be provided with regular financial and operating statements from the lease company on the vehicle. This information should be carefully reviewed and it is the employee's responsibility to ensure that the lease obligations are fulfilled. The employee is responsible for any changes to the cost to the lease and adjustments will be made to the salary package accordingly. If changes to the terms of the lease become necessary, the lease company will provide the requisite documentation for signature by the parties and subsequent novation to the University. This will allow adjustments to be made as required to the salary packaging arrangements.
- 5.4.11 The University does not warrant that any facility or service provided by either lease company is the most appropriate package for any individual employee, and employees should obtain their own professional advice before entering into any agreement for a vehicle. Employees considering entering into a Novated Lease arrangement are advised that sgfleet has indicated that sgfleet may receive commercial benefits from its suppliers from time to time based on its whole of business service across its client portfolio.

5.5 Lap top or Notebook Computer

- 5.5.1 UWS offers employees the option of salary packaging for laptop or notebook computers where it can be demonstrated/declared that the items are primarily used for work purposes.
- 5.5.2 Laptop and notebook computers are exempt from FBT.
- 5.5.3 Only one lap top/notebook can be salary packaged during an FBT year (April through to March of the following year).
- 5.5.4 In order to package this approved option, an employee must initially purchase the computer (in full). The original receipt, a certification from the employee's Executive Dean/Director that the computer is to be primarily used for work purposes, accompanied by the salary packaging declaration, must be submitted to the HR Client Services team for processing. The receipt must include a description of the lap top/note book and the amount paid.
- 5.5.5 The employee can elect to have their taxable income reduced by instalments over a 6 or 12 month period (13 or 26 fortnightly pay periods) until the purchase price has been met.
- 5.5.6 If an employee elects to salary package for this approved option, it cannot be claimed again as a tax-deductible item when completing an annual income tax return.

5.6 UWS Connect Fitness Gym Membership

- 5.6.1 UWS offers the provision for gym membership fees as a salary packaged arrangement, subject to the provider being Connect Fitness. Visit the UWS Connect Fitness website for information on the services provided at <http://www.connectfitness.com.au/>
- 5.6.2 Connect Fitness operates on four campuses within the University:
- (a) Bankstown Campus
 - (b) Campbelltown Campus
 - (c) Hawkesbury Campus
 - (d) Penrith Campus
- 5.6.3 To package this option, it is necessary to visit a Connect Fitness gym, complete the registration form and nominate the salary sacrifice payment option.
- 5.6.4 Connect Fitness will then forward the employee's application form to the Office of Human Resources, to complete the deduction via the University payroll.

7. Administration of Salary Packaging

- 7.1 Application forms to salary package the available options can be downloaded from the [HR Forms and Templates](#) web page.
- 7.2 Application forms in respect of the chosen options are to be completed, signed and sent to the Office of Human Resources, Building AE, Werrington North Campus.
- 7.3 Subject to all necessary documentation having been completed and forwarded to the Office of Human Resources, the salary package will commence from the next available pay day.
- 7.4 Confirmation advice will be forward by the Office of Human Resources to the employee confirming the approved options packaged, the commencement pay period end, the annualised details, the fortnightly details and any other relevant salary package information.
- 7.5 Reportable fringe benefits will be recorded on group certificates as required by Tax law.
- 7.6 The Office of Human Resources will maintain salary package information in accordance with financial and taxation record keeping practices. Employees are advised to maintain salary package records for personal taxation purposes.
- 7.7 The University will provide employees with updates to salary packaging information via a University maintained web site and internal email bulletin board (E-update news)).

8 Glossary

- 8.1 'Approved Option' or 'Benefit' are used interchangeably and identify those items which have been agreed to by the University and respective Unions to offer to UWS employees i.e., superannuation; on campus child care; on campus car parking; novated motor vehicles; lap top or note book computers; and, gym membership.
- 8.2 'On Campus Child Care' refers to child care located at Djalaringi, Penrith Campus, Kids Campus, Campbelltown Campus, Hawkesbury Campus, Nirimba Campus.

- 8.3 'Eligible' or 'Eligibility' refers to those employees who are able to participate in the salary-packaging scheme.
- 8.4 'Fringe Benefits Tax' (FBT) refers to a tax payable on some benefits provided by an employer to an employee.
- 8.5 'Guidelines' or 'University Guidelines', refers to the University of Western Sydney Salary Packaging Guidelines.
- 8.6 'Novated Lease' refers to a three-way agreement between an employee, the University and a motor vehicle financier. This agreement supersedes the original agreement made between the employee and the motor vehicle financier. If employment at the University ceases, the original agreement is reinstated and the employee is immediately responsible for all future lease repayments.
- 8.7 'Salary' means remuneration by way of regular periodical payment subject to PAYG tax.
- 8.8 'Salary Sacrifice' means that part of a package set aside to cover the provision of benefits and amounts equivalent to fringe benefits tax liability, if any, and administrative costs or other charges.
- 8.9 'Employee' refers to any eligible employee of the University of Western Sydney.
- 8.10 'Superannuation Contributions Tax' is payable on salary packaged superannuation contributions where no PAYG tax has been paid.
- 8.11 'Superannuation Surcharge' an additional amount that might apply to employees deemed to be high-income earners.
- 8.12 'UWS' refers to the University of Western Sydney

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