



Government of **Western Australia**
Department of **Health**

SALARY PACKAGING POLICY

Title: Salary Packaging Policy

1. Background

Where industrial agreements regulating the contracts of employment of WA Health employees provide that a wage or salary benefit arising under a contract of employment may be reduced with another or other benefits to the value of the replaced salary being substituted, the Employer and the Employee can agree to enter into a salary packaging arrangement.

Salary packaging is:

- not compulsory;
- only available to employees whose industrial agreements or awards or individual employment contracts provide for salary packaging; and
- not to increase the Total Employment Cost (TEC) of individual employees.

2. Scope

This policy applies to all persons employed in WA Health, which incorporates the following entities:

- Department of Health
- North Metropolitan Health Service
- South Metropolitan Health Service
- East Metropolitan Health Service
- Child and Adolescent Health Service
- WA Country Health Service
- Health Support Services

3. Policy statement

Employees wishing to salary package must do so via one of the salary packaging administrators selected by the Employer to administer salary packaging arrangements on behalf of the Employer. The application must be made prior to commencing salary packaging.

In completing the application, and on each occasion a claim is made, the Employee enters into an agreement under the terms and conditions as set out in the application form and the related content on the salary packaging administrator's web site and in the relevant industrial agreement.

Employees wishing to salary package superannuation contributions are not required to utilise one of the salary packaging administrators (irrespective of other packaging benefits in place) and may do so by arrangement with Health Support Services (HSS). Employees wishing to salary package superannuation contributions to Gold State Super must do so by arrangement with GESB.

Health service provider employees can only package one FBT concessional benefit cap and one meal entertainment benefit cap in any FBT year (1 April to 31 March), irrespective of any change in WA health system employing entity.

Health service provider employees employed by more than one health service provider can only access one FBT concessional benefit cap and one meal entertainment benefit cap in any FBT year (1 April to 31 March). This is, access to multiple caps is not available for any health service provider employee.

4. Definitions

Salary packaging administrator	An external company approved under Common Use Agreement 20505 to assist Employers to administer their salary packaging arrangements.
Total Employment Cost (TEC)	Is the total of Base Salary + Leave Loading + Annual or Fixed Allowances. Not to include irregular allowances such as shift loading, overtime or higher duties allowance, except where the Employee can prove the allowance is paid regularly and expected to continue.
Fringe Benefits Tax (FBT) concessional benefits	Fringe benefits provided to Health Service Provider Employees that are exempt from Fringe Benefits Tax (up to a maximum grossed up taxable value of \$17,000 per year).
Meal entertainment benefit	Meal entertainment benefits provided to Health Service Provider Employees that are exempt from Fringe Benefits Tax (up to a maximum grossed up taxable value of \$5,000 per year)
Health Service Provider Employee	An Employee of a Health Service Provider including North Metropolitan Health Service, South Metropolitan Health Service, East Metropolitan Health Service, Child and Adolescent Health Service, WA Country Health Service and Health Support Services.
Employing Authority	An Employing Authority established under the Health Services Act (2016) which at the time of publication includes: North Metropolitan Health Service, South Metropolitan Health

Service, East Metropolitan Health Service, Child and Adolescent Health Service, WA Country Health Service and Health Support Services.

The Department of Health is an employing authority under the Public Sector Management Act 1994.

5. General Supplementary Information

This part must be read in conjunction with the terms and conditions as set out in the salary packaging application form, the related content on the salary packaging administrators' web sites and in the relevant industrial agreement.

Eligibility

The following eligibility restrictions apply:

- Employees may salary package up to 95% of their Total Employment Cost (TEC).
- Casual Employees must nominate a percentage (e.g., 20%) of pre-tax salary that they wish to salary package each fortnight, not a dollar amount.
- Fixed Term Employees must be employed for a minimum of three months;
- Casual Employees are unable to salary package a Novated Vehicle Lease.
- Generally, Fixed Term Employees with a contract of less than 12 months will be unable to package a Novated Vehicle Lease. However, the delegated officer may confirm eligibility where there is reasonable prospect of further employment.

Independent Financial Advice

It is strongly recommended that employees seek independent financial advice at their own cost before entering into salary packaging arrangements.

Employee Declarations

Employees must declare on accessing benefits with a salary packaging administrator, that any information they provide is accurate. Employees will also be required to declare from time to time that the expenses and reimbursements they are claiming have been properly incurred and that they are entitled to claim the benefit. As salary packaging is a tax-related process, Employees, as taxpayers, should retain all salary packaging records in accordance with Australian Taxation Office (ATO) requirements (i.e. for a minimum of 5 years).

Motor Vehicle Novated Leases

A novated lease contract must be signed off by the relevant authorised officer on behalf of the Employer. Please refer to the relevant health service provider/agency authorisation schedule.

Fixed term employees entering into a novated vehicle lease arrangement are instructed to ensure they understand their obligations and options should their employment cease during the period of the lease.

Changes to Packaging Arrangements

Employees may change their salary packaging arrangements from time to time. However, this must be on a prospective basis only and must be actioned directly through their salary packaging administrator. HSS Payroll Services is not authorised to initiate this action on behalf of Employees.

Public Hospital FBT Concessional Benefits

Employees who cease working for a qualifying health service provider on either a permanent or temporary basis are not eligible to continue Fringe Benefits Tax (FBT) concessional salary packaging and must notify their salary packaging administrator and cease packaging the cap immediately. Health service provider employees on secondment to the Department of Health, Mental Health Commission, or any other agency are also ineligible and remaining on a health service provider payroll will not preserve their FBT concessional status.

Pay As You Go tax

Salary packaging accounts maintained on behalf of Employees by the salary packaging administrators are not to be used to avoid or delay paying Pay As You Go tax (often referred to as income tax). Packaged funds are to be applied to a benefit within a reasonable period of time.

Benefits

Non-cash benefits are limited to those approved by WA Health as listed on the salary packaging administrators' web sites.

WA Health salary packaging administrators

Salary packaging administrators act on behalf of the Employer in executing salary packaging agreements and the forms, policies and procedures published by the administrators apply as if they were expressly published and executed by the Employer. Two salary packaging administrators have been appointed by WA Health to administer employees' salary packaging arrangements:

SmartSalary

www.smartsalary.com.au/

Phone: 1300 476 278

Fax: 1300 795 556

Email: healthwa@smartsalary.com.au

Paywise

www.paywise.com.au

Phone: 1300 132 432

Fax: 1300 737 285

Email: memberservices@paywise.com.au

Employees must apply to one of the administrators, indicating they accept both WA Health and the administrator's Terms and Conditions.

No employee may package with more than one salary packaging administrator in any FBT year (1 April to 31 March). Employees may only change to another salary packaging administrator at the beginning of each FBT year and must change over by advising both administrators during the notified transition period.

6. Roles and responsibilities

Director General	Endorse Policy
Health Service Providers	Assist in communicating the policy to staff and support application of underlying principles
Health Support Services	Develop, monitor and evaluate policy. Ensure the application of underlying principles in related processes
Health site HR	Provide advice about the policy to Area Health Service staff
Employees	Ensure their salary packaging arrangements are consistent with the provisions in this policy and the terms and conditions set out in the salary packaging application form, the related content on the salary packaging administrators' web sites and in the relevant industrial agreement.

7. Compliance

Any Employee who fails to comply with the terms of any agreement governing their access to salary packaging will be subject to sanctions which may include access to salary packaging being limited or withdrawn.

8. Evaluation

Evaluation of this policy is to be carried out by the Policy Owner (refer below). The following means / tools are to be used:

- Monitoring by salary packaging administrators of Employee salary packaging arrangements and requests for reimbursement.
- Reporting by salary packaging administrators to the Policy Owner of any instances of non-compliance with the terms and conditions of salary packaging agreements.
- Monitoring to ensure Employees do not utilise more than one salary packaging administrator or set of concessional benefits within a single FBT year.

9. References

Not applicable

10. Relevant legislation

A New Tax System (Fringe Benefits) Act 2000
 A New Tax System (Fringe Benefits Reporting) Act 1999
 A New Tax System (Goods And Services Tax Administration) Act 1999
 Fringe Benefits Tax Assessment Act 1986
 State Superannuation Act 2000
 Health Services Act 2016

11. Related documents

Department of Commerce: Circular to Departments and Authorities No 4 of 2012

WA Health Awards and Agreements Library:

<http://www.health.wa.gov.au/AwardsAndAgreements/>

12. Authority

Title:	Salary Packaging Policy		
Contact:	Julie.feeney@health.wa.gov.au		
Health Service Provider/DoH:	Health Support Services		
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