

SALARY PACKAGING FOR NON-SES EMPLOYEES

PREFACE

We aim to be an effective organisation. Salary packaging, which provides flexibility for individuals to meet their personal and financial needs, is an important part of achieving this goal.

PURPOSE

The purpose of this policy is to outline the options available under salary packaging and the administrative procedures.

RESPONSIBILITY

This policy applies all non-SES staff (full-time or part-time) who are employed permanently, or temporarily for a period of more than six months.

LEGISLATIVE/POLICY FRAMEWORK

The Crown Employees (Public Sector - Salaries 2004) Award

Premier's Department Circulars – 2002-61, 2002-71, 2003-26 and 2006-008

POLICY STATEMENT

1. Salary Packaging

Salary packaging provides staff with the option to take their remuneration as cash salary or select a combination of cash salary and non-cash salary benefits to suit their individual needs.

2. What Benefits are Available?

- Additional superannuation contributions to First State Super;
- Additional superannuation contributions to a private fund;
- Motor Vehicles (for 100% private use) by way of novated lease;
- Lap Top, e-organisers or Notebook Computers;
- Taxi Expenses;
- Priority of Access Fee for Child Care;
- Professional memberships and subscriptions; and
- Education (Self and Professional)

3. Packaging Limits and Payments Normally Based on Gross Salary

Staff members were previously able to package a maximum of 50% of their annual salary. On and from 1 April 2006 the restriction limiting salary packaging to 50% of an employees' superable or award salary has been removed for graded officers and SES officers. The amount of salary which can be packaged or salary sacrificed is now unrestricted.

However, staff members will need to pay post-tax commitments and payroll deductions such as employee superannuation contributions, union fees, health fund premiums, maintenance orders etc before determining the availability of salary for packaging purposes.

Payment of allowances and other payments that are normally based on gross salary (eg overtime) will continue to be based on the staff member's pre-packaging salary. This principle will also apply to leave paid on resignation/termination.

Employer obligations under the Superannuation Guarantee (Administration) Act 1992 will also be based on pre-packaging salary levels.

4. Financial Planning

It is strongly recommended that all employees wishing to participate in salary packaging obtain independent financial advice from a financial adviser or accountant.

5. Salary Packaging Administration

The Ombudsman has contracted McMillan Shakespeare Australia Pty Ltd (MSA) to provide salary packaging administration services for non-SES staff members.

6. Administration Fees and Other Benefit Costs

Staff who participate in salary packaging will be required to pay a fortnightly administration fee to MSA. Staff should also be aware that some of the available benefits (for eg Motor Vehicles) may attract payment of fringe benefits tax (FBT).

All administration fees, FBT liabilities and other associated costs relating to salary packaging are the responsibility of the individual staff member and must be paid for by the individual staff member.

7. Salary Sacrifice to Superannuation

The salary sacrifice to superannuation provisions which currently apply, may continue to apply, but only to staff who already contribute additional superannuation through salary sacrifice. However, if a staff member currently has a salary sacrifice to superannuation and they wish to expand their salary packaging arrangements beyond just superannuation, they will need to cease their existing salary sacrifice arrangement and commence a salary packaging arrangement under the new Scheme.

All new salary sacrifice arrangements must be administered through MSA.

8. Termination of Employment and/or Salary Packaging Arrangements

Staff may elect to cease salary packaging arrangements subject to provisions determined by MSA.

All salary packaging arrangements will cease in the event that a staff member is on leave without pay and/or when employment with this Office ceases.

When a member of staff leaves the employment of the Office and/or they proceed on leave without pay, they must notify MSA of their leave without pay arrangements and/or their termination date. This will enable MSA to determine any final payments and action to be taken with account balances.

All costs incurred as a result of termination or leave without pay must be paid for by the staff member and may be debited from their final termination payment.

9. Further Information

McMillan Shakespeare Australia have prepared a Salary Packaging Guide for Employees which can be found on the Personnel site of the intranet. The salary packaging application form is available on the intranet.

All inquiries should be directed to McMillan Shakespeare Australia on 1300 722 227.

OMBUDSMAN APPROVAL

A handwritten signature in black ink, appearing to read "B. A. Barbour". The signature is written in a cursive style with a large initial "B" and a long, sweeping underline.

Bruce Barbour
OMBUDSMAN