



Delivering a **Healthy WA**



Government of **Western Australia**  
Department of Health

## **SALARY PACKAGING POLICY**

### **1. Policy Statement**

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
- not to increase the total employment cost (TEC) of individual employees

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 provider's web site and in the relevant industrial agreement.

Employees wishing to salary package superannuation contributions to the Government Employees Superannuation Board (GESB) are not required to utilise one of the administrators (irrespective of other packaging benefits in place), and may do so by arrangement with GESB. Employees wishing to salary package superannuation contributions to a non GESB fund must do so using one of the administrators.

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access to salary packaging will be subject to sanctions which may include access to salary packaging being limited or withdrawn.

### **2. Scope**

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

- Department of Health

- Metropolitan Health Service
- Peel Health Service
- WA Country Health Service

### 3. Definitions

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.
FBT concessional benefits	Fringe benefits provided to employees of public hospitals that are exempt from Fringe Benefits Tax (up to a maximum grossed up taxable value of \$17,000 per year, except Meal Entertainment).
Health Service (public hospital) Employee	an employee of the Metropolitan Health Service, Peel Health Service, WA Country Health Service.

### 4. 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; and
- Fixed Term Employees with a contract of less than 12 months and Casual Employees are unable to salary package a Novated Vehicle Lease.

#### 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 provider, 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 delegated officer on behalf of the Employer. Please refer to the relevant health service/agency delegation schedule. Health Corporate Network (HCN) officers are not authorised to sign novated lease documentation for WA Health employees.

### **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. HCN Employee Benefits (Payroll) 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 on either a permanent or temporary basis are not eligible to continue Fringe Benefits Tax (FBT) concessional salary packaging and must notify their packaging provider and cease packaging the cap immediately. Health service employees on secondment to the Department of Health, Drug and Alcohol Office, or any other agency are also ineligible and remaining on a health service payroll will not preserve their FBT concessional status.

### **Pay As You Go tax**

Salary packaging accounts maintained on behalf of employees by the 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 administrators have been appointed by WA Health to administer employees' salary packaging arrangements:

#### **SmartSalary**

[www.smartsalary.com.au/](http://www.smartsalary.com.au/)

Phone: 1300 476 278

#### **Paradigm Total Salary Management**

[www.paradigmtsm.com.au](http://www.paradigmtsm.com.au)

Phone: 1300 132 432



Fax: 1300 795 556

Email: [healthwa@smartsalary.com.au](mailto:healthwa@smartsalary.com.au)

Fax: 1300 737 285

Email: [memberservices@paradigmtsm.com.au](mailto:memberservices@paradigmtsm.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 provider at the beginning of each FBT year and must change over by advising both administrators during the notified transition period.

## 5. Responsibilities

Director General	Endorse Policy
Area Health Services	Assist in communicating the policy to staff, and support application of underlying principles
Health Corporate Network	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

## 6. 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

## 7. Relevant Documents

WA Health Awards and Agreements Library:

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

## 8. Authority

<b>Policy and/or Procedure link</b>	<a href="http://intranet.health.wa.gov.au/policies/doh_policy.cfm">http://intranet.health.wa.gov.au/policies/doh_policy.cfm</a>
<b>Policy Owner</b>	Workforce Services, Health Corporate Network
<b>Contact Officer</b>	<a href="mailto:Julie.feeney@health.wa.gov.au">Julie.feeney@health.wa.gov.au</a>
<b>Superseded Documents</b>	WA Health Salary Packaging directives, policies and guidelines issued prior to 10 March 2010, other than OPs 1399/01, 1958/05, &1959/05.
<b>Authorised by</b>	Director General
<b>Approval Date</b>	
<b>Review Date</b>	

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