



Salary Packaging Policy

1. Purpose

The Salary Packaging Policy provides for Employees to enter into a Salary Packaging arrangement arising from a contract of employment and in accordance with the applicable Industrial Instrument and Australian Taxation Office requirements.

This Policy is a mandatory requirement under the *Employment Policy Framework* pursuant to section 26(2)(e) of the *Health Services Act 2016 (WA) (Act)*.

This Policy supersedes *MP 0034/16 Salary Packaging Policy*.

2. Applicability

This Policy is applicable to all Health Service Providers.

3. Policy requirements

3.1 Process

An Employee must make an application to a Salary Packaging Administrator prior to entering into a Salary Packaging arrangement. Salary Packaging arrangements must be applied for and entered into on a prospective basis.

Superannuation salary packaging forms are available through Health Support Services. Employees with a Gold State Superannuation account must contact the Government Employees Superannuation Board (GESB) to arrange superannuation Salary Packaging.

3.2 Restrictions

Employees of Health Service Providers, including those employed by more than one Health Service Provider, may only package up to the amount of one Fringe Benefits Tax Concessional Benefit cap and one Meal Entertainment Benefit in any fringe benefits tax year (1 April to 31 March). The restriction applies irrespective of any change to the Employee's Employing Authority.

Employees are required to monitor their deductions to avoid breaching the Fringe Benefits Tax Concessional Benefit cap.

3.3 General supplementary information

This part must be read in conjunction with the terms and conditions set out in the Salary Packaging Administrators' application form and the related website content, relevant Industrial Instruments and Australian Taxation Office requirements.

3.3.1 Eligibility

The following eligibility restrictions apply:

- Employees may salary package up to 95% of their Total Employment Cost;
- casual Employees must nominate a percentage (e.g. 20%) of their pre-tax salary 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; and
- generally, fixed term Employees with a contract of less than 12 months will be unable to package a novated vehicle lease. However, the Authorised Officer may confirm eligibility where there is reasonable prospect of continuous further employment.

3.3.2 Independent financial advice

Whilst not a requirement of this Policy, it is strongly recommended Employees seek independent financial advice, at their own cost, on any associated taxation or financial implications before entering into Salary Packaging arrangements.

3.3.3 Employee declarations

Employees accessing benefits with a Salary Packaging Administrator must declare:

- the information provided is accurate; and
- the expenses and reimbursements claimed have been properly incurred and the benefit is entitled to be claimed.

Employees must retain all Salary Packaging records in accordance with Australian Taxation Office requirements (i.e. for a minimum of five years).

3.3.4 Motor vehicle novated leases

A novated lease contract must be approved by the relevant Authorised Officer.

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

Employees transferring employment between Employing Authorities must complete a new deed of novation with their Salary Packaging Administrator. The Employee is responsible for any charges associated with the new deed.

3.3.5 Changes to salary packaging arrangements

Employees may change their Salary Packaging arrangements on a prospective basis only.

Changes must be actioned directly through the Employee's Salary Packaging Administrator.

3.3.6 Public hospital fringe benefits tax concessional benefits

Employees who cease working for a qualifying Employing Authority on a permanent or temporary basis are not eligible to continue Fringe Benefits Tax Concessional Benefit Salary Packaging.

Employees under a Salary Packaging arrangement who subsequently undertake a secondment to the Department of Health, Mental Health Commission or any other public sector agency are not eligible to continue Fringe Benefits Tax Concessional Benefit Salary Packaging. Remaining on a Health Service Provider payroll will not preserve Fringe Benefits Tax Concessional Benefit status.

Ineligible Employees must notify their Salary Packaging Administrator and cease Fringe Benefits Tax Concessional Benefit Salary Packaging immediately.

3.3.7 Pay As You Go Tax

Employee Salary Packaging accounts maintained by Salary Packaging Administrators must not be used to avoid or delay paying Pay As You Go tax (i.e. income tax).

3.3.8 Non-cash benefits

Non-cash benefits are limited to those approved by the WA health system as listed on the Salary Packaging Administrators' web sites.

3.4 Salary Packaging Administrators

Salary Packaging Administrators act on behalf of the Employing Authority in executing Salary Packaging agreements. The forms, policies and procedures published by the Salary Packaging Administrator apply as if published and executed by the Employing Authority.

The Salary Packaging Administrator appointed to administer Salary Packaging arrangements are:

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 132 532

Fax: 1300 737 285

Email: memberservices@paywise.com.au

Employees must not enter into Salary Packaging arrangements with more than one Salary Packaging Administrator in any fringe benefits tax year (1 April to 31 March).

Employees may only change to another Salary Packaging Administrator at the beginning of each fringe benefits tax year and must advise both administrators.

3.5 Non-Compliance

An 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.

Fringe benefits tax liabilities incurred in relation to non-compliance by an Employee will be recovered from the Employee.

Fringe benefits tax liabilities incurred due to the fault of a Salary Packaging Administrator will be recovered from the Salary Packaging Administrator.

4. Compliance monitoring

The System Manager may conduct audits and/or request audit reports from Health Service Providers to monitor and evaluate compliance with this Policy.

5. Related documents

The following documents are mandatory pursuant to this Policy:

- N/A

6. Supporting information

The following information is not mandatory but informs and/or supports the implementation of this Policy:

- N/A

7. Definitions

The following definition(s) are relevant to this Policy.

Term	Definition
Authorised Officer	Means the authorised officer at each Health Service Provider in accordance with the applicable Health Service Provider authorisations and delegations schedule.
Employee	Defined pursuant to section 6 of the Act to mean a person employed in a Health Service Provider and includes: <ul style="list-style-type: none">• The Chief Executive of the Health Service Provider;• A health executive employed in the Health Service Provider;• A person employed in the Health Service Provider under section 140 of the Act;• A person seconded to the Health Service Provider under sections 136 and 142 of the Act.
Employing Authority	In relation to an Employee of a Health Service Provider, is the chief executive or board conferred with the power to employ or engage Employees pursuant to section 103 of the Act.

Fringe Benefits Tax Concessional Benefits	Fringe benefits provided to Health Service Provider Employees that are exempt from fringe benefits tax.
Health Service Provider	Means a health service provider established under section 32 of the Act and includes: <ul style="list-style-type: none"> • North Metropolitan Health Service; • South Metropolitan Health Service; • Child and Adolescent Health Service; • WA Country Health Service; • East Metropolitan Health Service; • Quadriplegic Centre; • Health Support Services; • PathWest Laboratory Medicine WA.
Industrial Instrument	An Award or Industrial Agreement of the Western Australian Industrial Relations Commission applicable to the WA health system.
Meal Entertainment Benefit	Meal entertainment benefits provided to Health Service Provider Employees that are exempt from fringe benefits tax.
Salary Packaging	Salary Packaging is: <ul style="list-style-type: none"> • a wage or salary benefit arising under a contract of employment that may be reduced with another benefit to the value of the replaced salary being substituted; • not compulsory; • only available to Employees whose Industrial Instrument or individual employment contracts provide for Salary Packaging; and • not to increase the Total Employment Cost of Employees.
Salary Packaging Administrator	An external company approved under Common Use Agreement SPS2017, and selected by Health Service Providers to administer Employee Salary Packaging arrangements.
Total Employment Cost	Is the total of base salary, leave loading, annual or fixed allowances and deferred salary. 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.

8. Policy contact

Enquiries relating to this Policy may be directed to:

Title: Executive Director, Governance & System Support

Directorate: Strategy and Governance Division

Email: EmploymentPolicyFramework@health.wa.gov.au

9. Document control

Version	Published date	Effective from	Review date	Amendment(s)
MP0034/16	1 July 2016	1 July 2016	23 June 2019	Original version
MP0123/19	28 October 2019	28 October 2019	28 October 2022	Major Amendment detail set out below.

- The applicability of the policy has been amended subsequent to the commencement of the *Health Services Act 2016* on 1 July 2016.
- Policy applicability amended to incorporate PathWest Laboratory Medicine WA and the Quadriplegic Centre, established as Health Service Providers pursuant to the *Health Services Act 2016*.
- Policy requirement content contemporised to improve readability.
- Clarification of employee responsibility in seeking independent financial advice.
- Clarification of employee responsibility regarding completion of new deed of novation in the event of employment transfers.
- Clarification of responsibilities in relation to tax liabilities arising from non-compliance with salary packaging requirements.
- Clarification of the definition of Total Employment Cost.
- Updated salary packaging administrator contact details.
- Updated references and links to related legislation, industrial instruments and documents.

10. Approval

Approval by	Dr David Russell-Weisz, Director General, Department of Health
Approval date	16 October 2019

This document can be made available in alternative formats on request for a person with a disability.

© Department of Health 2019

Copyright to this material is vested in the State of Western Australia unless otherwise indicated. Apart from any fair dealing for the purposes of private study, research, criticism or review, as permitted under the provisions of the Copyright Act 1968, no part may be reproduced or re-used for any purposes whatsoever without written permission of the State of Western Australia.