



# Gladstone Regional Council

## Council Policy

Title	<b>SALARY PACKAGING</b>
Policy Number	<b>P-2013/21</b>
Responsible Directorate	<b>OFFICE OF THE CHIEF EXECUTIVE OFFICER</b>
Responsible Officer	<b>MANAGER PEOPLE AND PERFORMANCE</b>
Date of Adoption	<b>19 NOVEMBER 2013</b>
Resolution Number	<b>G/13/1786</b>
Date Review Due	<b>19 NOVEMBER 2016</b>

### 1.0 PURPOSE:

Gladstone Regional Council aspires to be an employer of choice for current and prospective employees. Council recognises that employees need to have access to flexible remuneration planning which better suits their individual needs and financial circumstances. Salary packaging is one way to provide this flexibility. GRC has implemented via this policy, Salary Packaging to provide a financial benefit to employees and also as a recruitment and retention strategy.

### 2.0 SCOPE:

This policy applies to all eligible employees of Gladstone Regional Council who wish to participate in the Salary Packaging Program.

### 3.0 RELATED LEGISLATION:

- Local Government Act 2009
- Fringe Benefits Tax Assessment Act 1986

### 4.0 RELATED DOCUMENTS:

- Australian Tax Office Rulings
- Superannuation Legislation and other relevant Australian legislation
- Certified Agreements
- Gladstone Regional Council: Motor Vehicle Policy – Private Use Vehicles
- Salary Packaging Employee Handbook and Employee Benefit Book.

**5.0 DEFINITIONS:**

To assist in interpretation of this policy the following definitions apply:

<b>Key word or acronym</b>	<b>Definition</b>
<b>ATO</b>	Australian Taxation Office
<b>GRC</b>	Gladstone Regional Council
<b>Salaris</b>	Salary Packaging Provider, Salaris Consulting Pty Ltd
<b>Salary Packaging (Definition)</b>	The process of substituting a portion of gross taxable income with concessional tax or tax exempt employee benefit items with a view to maximising net remuneration. This is a legitimate form of tax planning encouraged by Australian Tax Office.
<b>Salary Packaging</b>	Also referred to as: Salary Sacrificing, Remuneration Packaging and Remuneration Planning. All concepts are intended to have the same meaning under this policy.
<b>TEC</b>	Total Employment Cost: Total Employment Costing is a mechanism used in remuneration calculations that identifies the direct cost of employment for a position enabling components of a package to be identified and adjusted while maintaining set TEC. These direct costs include salary, superannuation arrangements, all car costs, other benefits and FBT Liabilities
<b>Employee Benefits</b>	Any non-cash benefit and cash payment (other than salary) made or expected to be made for the benefit of the employees member and cash payment made or expected to be made to the employees member by way of reimbursement of expenses incurred by the employee.
<b>FBTAA</b>	Fringe benefits tax Assessment Act (1986)
<b>FBT</b>	Fringe Benefits Tax
<b>FBT Year</b>	Runs from 1 April to 31 March.
<b>Salary &amp; Wages</b>	Are intended to have the same meaning for the purposes of this programme.
<b>Otherwise deductible</b>	A legitimate expense incurred in the course of earning assessable income which could otherwise be claimed by the employees member at the time of submitting an income tax return if not salary packaging.
<b>PAYG</b>	'Pay As You Go' taxation

**6.0 POLICY STATEMENT:**

6.1 ELIGIBILITY

The following rationale underpins the salary packaging provision within Gladstone Regional Council:

- Continuing permanent, fixed term employees and permanent part-time employees are able to salary package the full range of benefits offered by Council, however GRC may exercise its discretion to limit the extent of packaging available to employees with contracts of less than 12 months, depending on the items requested to be packaged.
- Due to the variable nature of income for casual employees, (variable hours) these employees will not have access to salary packaging.
- Externally sourced contractors will not be eligible to access salary packaging.
- Salary packaging is not mandatory. Employees are free to negotiate only for those benefits that best satisfy their financial and personal needs from the list of benefits offered by GRC. Alternatively an employee may continue to take 100% of his/her remuneration in the form of normal cash salary and compulsory superannuation.
- The Australian Taxation Office has, for a number of years, accepted and encouraged remuneration packaging arrangements as a bona fide way of remunerating employees. However, should there be any legislative changes in the future in relation to salary packaging, GRC reserves the right to make alterations to the salary packaging policies and procedures which currently apply.

## 6.2 EMPLOYEE ENGAGEMENT

GRC has engaged the services of Salaris Consulting Pty Ltd, a professional salary packaging advisory and administration provider to assist both Council and Employees with the provision of the salary packaging programme. Salaris will be offering group presentations and individual advisory services to all GRC employees as part of this process.

The following outlines the rights and obligations of employees in establishing a salary packaging arrangement:

- Employees are asked to consider their personal financial situation as part of their decision making process;
- Employees are obligated to provide true and correct financial information as and when requested. Neither GRC nor Salaris can be held responsible for any liability incurred by the employee following the provision of incorrect or fraudulent information.
- Employees are expected to adhere to the Terms and Conditions of entering salary packaging arrangements with Salaris Consulting Pty Ltd.
- All personal and financial information provided to Salaris will remain strictly confidential.
- There is a Package Implementation Fee and Administration Fee associated with salary packaging of all benefits which is to be paid by the employee and included as a pre-tax deduction from the employee's salary.
- All arrangements for commencing or ceasing salary packaging of benefits must be prospective and not retrospective.
- The cost of an employee's remuneration package should be no more than the total cost of employment (TEC) prior to salary packaging occurring. In the event of any increase in taxation payable by Council, including FBT or any state tax equivalent, the Council will pass on such costs to the employee.
- GRC does not impose a limit on the amount that can be Salary Packaged.

- Employees wishing to cease salary packaging arrangements or terminating employment with GRC must liaise directly with Salaris Consulting to ensure reporting and appropriate closure of benefits for FBT purposes.
- For employees with Novated Lease arrangements, notification of termination of employment to Salaris and the nominated Fleet Management Company, must happen, where practicable, One (1) month prior to leaving GRC.

### 6.3 ELIGIBILITY

While it is not the intention of GRC to limit employee access to benefits available under the FBTA, certain legislative restrictions pertaining to the tax status of the employer (GRC) provide boundaries for inclusion and exclusion of benefits.

The provision of benefits to all employees either as a group or individually will always be at the discretion of Council.

Other Guidelines:

- The benefit items that are available for salary packaging purposes are limited to those items that are totally exempt from the payment of Fringe Benefits Tax (FBT) or those that are concessional taxed (E.g. Novated and Associate Motor Vehicle Leases, Remote Area Allowances).
- Otherwise Deductible Items, benefits that are able to be claimed as an income tax deduction will be available for salary packaging, however, this will be limited to larger dollar value items as there will be limited tax advantage and greater administration for smaller items.

### 8.1 Benefit Items:

- Novated Motor Vehicle Leases
- Associate Motor Vehicle Leases
- Remote Area Allowances
- Living Away From Home Allowances
- Relocation Allowances
- Investment Loan Interest
- Superannuation
- Tools of Trade
- Other Exempt Items.

A full explanation of these benefits appear in the Employee Handbook provided by Salaris Consulting and will be updated as dictated by legislative and product changes over time.

### 7.0 ATTACHMENTS:

Nil.

**8.0 REVIEW TRIGGER:**

This policy will be reviewed when any of the following occur:

1. The related legislation/documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council
3. Periodic Review – 3 years from date of adoption.

TABLE OF AMENDMENTS		
Originally Adopted	19 October 2010	10/325
Amendment 1	19 November 2013	G/13/1786
Amendment 2	<INSERT DATE COUNCIL MEETING>	<INSERT RESOLUTION NUMBER>
Amendment 3	<INSERT DATE COUNCIL MEETING>	<INSERT RESOLUTION NUMBER>

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STUART RANDLE  
CHIEF EXECUTIVE OFFICER