

TERMS AND CONDITIONS OF SALARY PACKAGING AT EASTERN HEALTH

(Strictly Private and Confidential)



SALARY PACKAGING

Under the terms and conditions of the salary packaging policy, Eastern Health offers staff a salary packaging program whereby remuneration may be taken as a combination of cash salary and benefits items. Staff are able to select only salary packaging benefit items offered by Eastern Health. The administration of salary packaging will be at the sole discretion of Eastern Health.

The general terms and conditions which apply are:

1. Employees (other than Casuals) can salary package 100% of their base salary providing that all other authorised deductions are deducted from the fortnightly pay before the 100% salary packaging/meal entertainment deduction/s is made;
2. Casual employees may salary package up to 80% of their earnings to allow for any authorised deductions and agree to pay the full year's administration fee up front;
3. Benefit items to be packaged can only be selected from the approved list of benefits, and can only be items of legitimate expenditure by the employee;
4. Benefit payments are only made following the required deduction from the staff members pay. Should the staff member not be paid for whatever reason, then the staff member benefits will not be paid until the required deduction amount has been received;
5. The employee undertakes to immediately advise the salary packaging team of any changes to their benefits packaged, employment status, banking details, personal address details, periods of leave without pay or any other changes that could affect their remuneration packaging arrangements. It is acknowledged that such changes may affect the entitlement to the agreed remuneration packaged amount. It is agreed that any overpaid amounts will be reimbursed by the employee as soon as the overpayment is detected in full;
6. Staff will be responsible for checking all transactions made and are required to promptly report any apparent error to the salary packaging team;
7. While the maximum amount able to be packaged per employee without incurring FBT has been a determining factor in this package arrangement, should any FBT liability subsequently arise, the full FBT cost will be passed onto the employee for reimbursement to Eastern Health;
8. The cost of administering the remuneration package by Eastern Health and any associated salary packaging advice sought will be borne by the employee. The full annual fee/s may apply for employees who may not work or package the full FBT year, fees will be collected at approximately 5% of the total packaged amount. Employees making 3 or more changes to their Packaging requirements may incur a \$50 processing fee. The cost of administering the salary packaging service to all staff will be reviewed on an annual basis with appropriate charges being passed on to the employee;
9. An annual reconciliation of benefits will take place after the conclusion of the relevant FBT year. Any reimbursement amount not claimed by the last pay period of the FBT year for Threshold and Entertainment Benefits will be refunded to employees via payroll less applicable PAYG. Where balances are returned from Threshold and/or Meal Leisure cards only balances in excess of \$10 will be refunded to the employee via payroll.
10. Superannuation payments shall be made in accordance with Eastern Health's policy and relevant legislation and regulations as varied from time to time. It is the employee's responsibility to ensure that they remain aware of the effect of a request to salary package their fund benefits, contributor status and all that this implies;
11. Upon resignation or termination of employment, no salary packaging/meal entertainment will be deducted from an employee's final fortnightly ordinary hours or leave entitlements. A pro-rata reconciliation to the date of termination of unused benefits will be undertaken and any residual will be paid out as salary with appropriate PAYE tax being deducted. Benefits cannot be claimed after the employee's termination date. Should there be an over expenditure in respect to reimbursement of benefits this amount will be deducted by Eastern Health from the employee's termination pay. The balance of Salary Packaging / Meal Entertainment fees payable for the current packaging year will be deducted from the employee's termination pay. If the termination pay due to the employee are insufficient to meet the over expenditure, Eastern Health shall, upon demand, be reimbursed the outstanding amount. Depending upon the amount of notice of termination provided to the salary packaging team, the reconciliation of the salary packaging account may delay the processing of final payments to the employee beyond the termination date with no financial or other penalties to apply to Eastern Health;
12. It is recognised and accepted that Eastern Health has no liability for employee's taxation or any other outcomes resulting from entering into a salary packaging arrangement;
13. Employee withdrawal from this arrangement can occur by giving one month's notice to the salary packaging team in writing, at which time the arrangements under item 11 of the Agreement will come into effect, whether or not withdrawal is as the result of termination or other factors;
14. On entering into this Agreement, it is agreed that the benefits packaged are legitimate personal expenditures in line with items available and that the funds through packaging will be or have been, used as stated in the Employee Application Form; and
15. Should an employee incur a FBT liability as a result of the implementation of my salary packaging request, the employee will reimburse Eastern Health for any FBT liability.
16. Eastern Health recommends that employees obtain independent financial advice prior to commencing my salary packaging arrangements
17. Eastern Health requests the employee maintain all records in relation to payments made by Eastern Health on the employees behalf for a period of five years. Employees must upon request by Eastern Health make documents available.
18. Salary Packaging benefits are provided subject to adherence to Eastern Health policy. Employees will be subject to audit and any expense and or purchase deemed non-legitimate will be required to be repaid from the employee's post tax salary, at which time the employee will be given notice in writing on the planned recovery deductions. Failure to comply with the proper use of the program may result in employees being withdrawn from the program at any time.

In applying for a Salary Package arrangement with Eastern Health the employee authorises the deduction of payments from their salary to enable the payment of benefits and administration costs and these costs may be varied annually in accordance with Eastern Health policy guidelines. This authorisation includes amendments to the amount or benefit as made by the employee from time to time.

