POLICY STATEMENT

1 Intent

The Government CarPlan (GCP) allows the opportunity for Senior Management Group (SMG) members to utilise "salary sacrifice" to lease a vehicle at Government pricing. SMG members will be entering into an operating lease agreement with UTAS.

UTAS retains the right to determine the vehicle that may be selected, in line with the UTAS Driving Authorised Vehicles Policy, http://www.admin.utas.edu.au/hr/ohs/pol_proc/driving.pdf.

2 Scope

This policy applies to the SMG. Membership is classified as senior administrative staff above level HEO10 and senior academic staff at Head of School level and above (or equivalent) on continuing appointments or fixed term appointments with at least 12 months left to run. In exceptional circumstances, where a staff member outside of this definition can present a strong University business case, the Executive Director, Finance and Administration can approve access to the scheme for a fixed period of time. After that period expires the case for membership would need to be reviewed and re-approved.

3 Objective(s)

Government CarPlan (GCP) will provide a transparent and commercially based motor vehicle salary packaging process.

SMG members will be able to select an eligible vehicle from the GCP that complies with the UTAS Driving Authorised Vehicles Policy, http://www.admin.utas.edu.au/hr/ohs/pol_proc/driving.pdf.
4 Definitions and Acronyms

Employee Contribution Method (ECM) Allows an employee to make a post-tax contribution towards the cost of operating a novated vehicle. The post tax contribution reduces the taxable value of the vehicle benefit.

Fringe Benefits Tax (FBT) A tax on employee benefits including motor vehicles.

Government Car Plan (GCP) An operating lease agreement between UTAS and the vehicle lease supplier for the provision of selected vehicles under the Government contract pricing.

Salary Packaging Where pre tax salary is exchanged in return for benefits being provided by UTAS.

SMG Senior Management Group

Senior Management Group Employee Agreement A formal agreement between the SMG member and UTAS regarding the obligations and responsibilities of the SMG member in undertaking a vehicle lease from the GCP.

5 Policy Maker

Executive Director, Finance and Administration

6 Policy Provisions

The following terms and conditions underpin the University Government CarPlan Policy FINP 2.2.

A. Eligibility

All Senior Management Group employees classified as senior administrative staff above level HEO10 and senior academic staff at Head of School level and above (or equivalent) on continuing appointments or fixed term appointments with at least 12 months left to run. In exceptional circumstances, where a staff member outside of this definition can present a strong University business case, the Executive Director, Finance and Administration can approve access to the scheme for a fixed period of time. After that period expires the case for membership would need to be reviewed and re-approved.

B. Use of the Vehicle

- The SMG employee has exclusive use of the vehicle on the basis of the terms and conditions as described in the Salary Packaging Agreement, the Long Term Hire Agreement, the UTAS Government CarPlan User Guide and UTAS Policy and Procedures.

- Should the SMG employee, or other UTAS staff member, incur damage to the leased vehicle whilst it is on University business the insurance excess levied by the lease provider will be reimbursed by the University up to a maximum of twice in any 12 month period.
- Vehicles leased under the GCP will be required, at least in part, to be used for business purposes. Reimbursement for business use will be based on an agreed travel allowance or paid on a cents per kilometre basis. The allowance will be paid via the UTAS payroll.

- Where the SMG employee is in receipt of an allowance but is unable to provide a motor vehicle for University business purposes (e.g. unavailable due to an accident), the payment of the allowance can be suspended until such time as a vehicle can be provided by the SMG employee. The allowance should only be suspended after consultation between the employee and their line manager after consideration of University operational issues and the length of time involved.

- Where the SMG member’s role requires the business use of a vehicle, then the Head of Budget Centre can recommend to the UTAS Fleet Manager that consideration be given to the use of a fleet vehicle. Any cost incurred will be borne by the budget centre.

C. Motor Vehicle Packaging Arrangements

When SMG members package a vehicle under the GCP, the following applies:

- SMG members are advised to seek appropriate financial and legal advice as to the suitability and risks of the leasing arrangement. UTAS will not provide any form of legal, investment or financial advice about benefits (if any) under the lease plan. Any fees associated with obtaining financial advice will be at the SMG member’s expense and cannot be salary packaged.

- SMG members will be required to formally read and sign a SMG GCP Agreement between the SMG member and UTAS, acknowledging the responsibilities of the SMG member and UTAS.

- SMG members are able to lease one (1) vehicle under the GCP. Where SMG members seek to salary sacrifice an additional vehicle, they can elect to package a vehicle under the UTAS Corporate CarPlan.

D. Lease Fees and Costs

The following fees will apply to the period of the lease agreement. All fees are in addition to the package cost provided by the lease provider and will be included in the total package arrangement:

- An administrative set up fee for each vehicle lease. UTAS will review the administrative set up fee payable on an annual basis.

- A fortnightly administration fee for the vehicle lease. UTAS will review the fortnightly payroll administration fee payable on an annual basis.

- A Vehicle Salary Packaging Initial Allocation deduction will take place as close to the delivery as possible. It will assist in managing any additional costs incurred during the arrangement, or at the termination of employment or at the end of the lease.
• The SMG member is responsible for all fees and costs in relation to the lease as charged by the lease provider.

E. Running of The Vehicle

SMG members are responsible for all costs in relation to the leased vehicle.

• Leased vehicles are provided by the lease provider on a fully maintained basis.

• Vehicles are to be maintained in a clean, safe and roadworthy condition and appropriate maintenance and servicing schedules are to be followed.

• SMG members will be responsible for parking fine payments or traffic violations.

• UTAS will pay for the installation of a mobile phone hands free kit for vehicles from the GCP where authorised by the SMG member’s direct manager. This cost should be charged to the relevant Budget Centre.

F. Leave Provisions

• SMG members may continue to use their vehicle while on paid leave such as annual, study leave or long service leave, and as such all salary sacrificing arrangements will continue as normal. All terms and conditions relating to this policy should be complied with whilst on leave.

• SMG members should consider all business and personal aspects when assessing motor vehicle options. For example, where study leave is planned in future years and a vehicle is not required during this period, the employee may consider fixing the lease term to cease before study leave commences.

• SMG members should be aware that the packaging arrangements continue to attract FBT liability during leave periods.

• In the event of an SMG member taking unpaid leave, he or she is required to make appropriate arrangements to manage the lease payments. In the first instance SMG members should contact the pay office at least 12 weeks prior to commencing unpaid leave.

G. Cessation of Employment

In the event of the SMG member ceasing their employment with UTAS, there are 3 options available:

• The employee may offer to purchase the vehicle at lease payout value plus GST.

• Return the vehicle to the lease provider. The SMG member will be responsible for any charges for excess kilometres and/or unfair wear & tear upon the return inspection.
The vehicle may be reassigned to another SMG member subject to agreement between all parties.

H. Fringe Benefits Tax (FBT)

- SMG members are responsible for the management of their Fringe Benefits Tax (FBT) liability.
- SMG members entering into any vehicle salary packaging arrangements should understand their FBT liability under such arrangements and seek financial advice.
- UTAS will use the ‘Statutory Method’ for calculating FBT on vehicles leased under this policy. This method assesses the kilometrage travelled in each salary packaged vehicle held during the FBT year (1st April to 31 March of the next year) on a pro rata basis against several defined brackets of distance travelled i.e.:
  - 0 - 14,999 km;
  - 15,000 - 24,999 km;
  - 25,000 - 40,000 km;
  - Over 40,000 km.
- SMG members must ensure that odometer readings are supplied at each refuelling of the vehicle and when requested by UTAS or by the lease provider for FBT compliance.
- The employee should consider the FBT implications before changing or replacing vehicles.
- Where additional FBT is payable by the SMG member, the amount is to be paid back, where timing permits, no later than 30 June.
- If the FBT liability is lower than the amount calculated, UTAS will refund the difference to the employee in the next available payroll, and the applicable PAYG will be deducted.
- An employee can elect to use the Employee Contribution Method (ECM) to eliminate their estimated FBT liability. In this approach the employee will make a post tax contribution towards the running costs of the vehicle. If the actual level of FBT liability is less than the estimated liability there will be no adjustment made via payroll.

7 Supporting/Related Documents

- UTAS Government CarPlan User Guide
- UTAS Driving Authorised Vehicles Policy
- Long Term Hire Agreement – Government
- UTAS Allowances & Reimbursements Schedule

8 Key Words

- Salary packaging
- Motor vehicles
• Operating Lease
• Government CarPlan

9 Supporting Procedures/Guidelines

• University Government CarPlan Procedure FINPR 2.2
• Finance Policy and Procedures Manual – Motor Vehicles – Policy 15.1
• Finance Policy and Procedures Manual – Travel – Policy 11.1

RESPONSIBILITIES

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WHO NEEDS TO KNOW THIS POLICY?

• Vice Chancellor
• Deans
• Heads of School
• Senior Management Group

EFFECTIVENESS OF THIS POLICY

• The introduction of a transparent and commercial process with an external lease provider.

POLICY HISTORY

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<td>Vice-Chancellor</td>
<td>Professor Daryl Le Grew</td>
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<td>Richard Easther</td>
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<td>Belinda Webster</td>
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