University Government CarPlan Procedure
(Vehicle Salary Packaging Senior Management Group) FINPR 2.2

Related Policy
FINP 2.2 University Government CarPlan Policy

Procedure Scope
Applies to all continuing Senior Management Group (SMG) members and fixed term SMG members with a minimum of 1 year remaining on contract

Commencement Date
1 April 2007

Review Date
Review 1 – April/May 2009
Review 2 – April 2012

Organisational Unit responsible for day-to-day operation of the procedure
Unit name: Financial Services
Phone: 03 6324 3925
Fax: 03 6324 3736

PROCEDURE

1 Purpose
To detail the process involved for eligible Senior Management Group (SMG) members to salary package a motor vehicle under the Government CarPlan (GCP).

2 Exceptions
Casual employees, visitors and non members of the SMG are not eligible.

3 Definitions and Acronyms

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

Government CarPlan (GCP) A lease agreement between UTAS and the vehicle lease supplier for the provision of vehicles under the Government contract.

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

SMG Senior Management Group

Senior Management Group Government 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.
4 Detailed Steps, Procedures and Actions

- **Process Flow Chart**

  Please see attached flow chart for the UTAS GCP process in Appendix 1.

- **Initial Vehicle Lease Allocation**

  After receiving the signed SMG GCP Salary Packaging Agreement, UTAS will process a Vehicle Salary Packaging Initial Allocation (refer Appendix 2 for amount) as close as possible to the delivery date. This deduction will assist in managing any additional costs incurred during the arrangement, or at the termination of employment or at the end of the lease.

- **UTAS Fees**

  After receiving the signed SMG GCP Salary Packaging Agreement, UTAS will process an administrative setup fee as close as possible to the delivery date. For each fortnight following, the employee will be charged a fortnightly fee while they have a vehicle under lease (refer to Appendix 2 for amounts). The administrative setup fee will be incurred each time a new vehicle or lease is entered into.

- **UTAS Business Use**

  Where a SMG employee provides a complying vehicle (whether leased or owned) for UTAS business use they can be paid a fortnightly travel allowance based on an estimate of their business kilometres per year. The allowance is to be agreed between the employee and their direct line manager and will be taxable income to the employee.

  The allowance will be reviewed annually to ensure that it reasonably reflects the business travel patterns of the employee. It is **not** proposed that the allowance be reconciled against actual business travel as this requirement may encourage unnecessary business travel to meet the allowance level. In summary any under/over business travel performed can be taken into account at the annual review.

  The following table is to be used as a guide when determining a reasonable allowance:

<table>
<thead>
<tr>
<th>Estimated Annual Business KM Range</th>
<th>Approx Nos of HBT / LTN trips at 450 km return (including sundry travel)</th>
<th>Equating to the Annual Travel Allowance to be paid on a fortnightly basis</th>
<th>Ave cents per Business Km travelled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 5,000</td>
<td>11</td>
<td>$3,600</td>
<td>$0.72</td>
</tr>
<tr>
<td>Up to 10,000</td>
<td>22</td>
<td>$7,200</td>
<td>$0.72</td>
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<tr>
<td>Up to 15,000</td>
<td>33</td>
<td>$9,100</td>
<td>$0.61</td>
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<tr>
<td>Up to 20,000</td>
<td>44</td>
<td>$11,000</td>
<td>$0.55</td>
</tr>
<tr>
<td>Up to 25,000</td>
<td>55</td>
<td>$12,900</td>
<td>$0.52</td>
</tr>
<tr>
<td>Over 25,000</td>
<td>Over 55</td>
<td>$14,800</td>
<td>$0.49</td>
</tr>
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</table>
In exceptional circumstances where the above table does not adequately reflect reasonable compensation, the SMG’s line manager can approve an alternative travel allowance. In this case, the basis for the decision must be clearly documented and forwarded to the Director, Human Resources for independent confirmation/review. For the Travel Allowance to be activated the Senior Management Group Business Travel Allowance Reimbursement Form will need to be completed. It can be found at: http://www.utas.edu.au/docs/fin_services/payroll/vsp/index.html

• **Termination of Employment at UTAS**

Employees who have a GCP lease need to advise Payroll Services and the lease provider at least six weeks prior to their intended final work date at UTAS. Their intention for the end of lease (e.g. purchase vehicle, hand back vehicle) must also be communicated at this time.

• **End of Lease**

At the end of the lease there are several costs that need to filter through in relation to the leased vehicle (e.g. fuel transactions). These transactions may take some time before they are allocated against the lease account. After all costs in relation to the leasing arrangement have been finalised, UTAS will prepare the Final Lease Reconciliation.

• **Final Lease Reconciliation**

The Final Lease Reconciliation will take into account on one side the contributions deducted from an employee (VSP Initial Allocation and VSP Leasing) and on the other all charges incurred by UTAS by way of payments to the lease provider.

Where costs have been incurred by UTAS in excess of the amounts deducted (including the VSP Initial Allocation) the employee is required to settle these debts in accordance with the schedule outlined below.

• **Fringe Benefits Tax (FBT)**

Employees who incur additional FBT will have this processed as salary package adjustments in accordance with the schedule outlined below.

• **Additional Cost Repayment Schedule (incl. FBT)**

For non-terminating employees, the repayment of any additional FBT or additional costs incurred at end of lease where these costs have been charged against UTAS will be recovered in accordance with the following schedule:

- Up to $200 – payable in one pay fortnight;
- $201 to $500 – payable in two pay fortnights;
- $501 - $1000 – payable in three pay fortnights;
- $1001 - $2000 - payable in five pay fortnights; and
- Over $2001 to be paid back in equal instalments over six pay fortnights.

Where additional FBT is payable by the employee, the amount outstanding from the above schedule is to be paid back, where timing permits, no later than 30 June following the end of the FBT year (1 April – 31 March).

For employees leaving UTAS, any costs left outstanding will be initially allocated against any amounts to be paid on termination. Amounts left owing thereafter will need to be promptly settled with UTAS.

- **Surplus Balances from Reconciliation**

Any positive balance arising from the Final Lease Reconciliation (i.e. deducted contributions are greater than LeasePlan charges) will be returned to the employee (or ex employee) via the payroll system with the appropriate PAYG tax deducted.

5 **Key Words**

- Motor vehicles
- Salary sacrifice
- Operating Lease
- Government CarPlan

6 **Supporting Guidelines, Flowcharts, Checklists, etc**

- UTAS Government CarPlan User Guide
- UTAS Driving Authorised Vehicles Policy
- LeasePlan Government Car Plan Lease flow chart (see Appendix 1)

**RESPONSIBILITIES**

<table>
<thead>
<tr>
<th>Implementation</th>
<th>Director, Financial Services</th>
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<tbody>
<tr>
<td>Compliance</td>
<td>Assistant Director, Financial Services Manager, Payroll Services</td>
</tr>
<tr>
<td>Development/Review</td>
<td>Director, Financial Services Director, Human Resources</td>
</tr>
<tr>
<td>Interpretation and Advice</td>
<td>Director, Financial Services Director, Human Resources Assistant Director, Financial Services Manager, Payroll Services</td>
</tr>
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**WHO SHOULD KNOW THIS PROCEDURE?**

- Assistant Director, Financial Services
- Manager, Payroll Services
- Manager, HR Systems & Administration

**EFFECTIVENESS OF THIS PROCEDURE**
- Monitoring and evaluating on an ongoing basis, the lease provider’s performance for arranging leased vehicles for employees under the Government Car Plan.

## PROCEDURE HISTORY

<table>
<thead>
<tr>
<th>Revision Ref. No.</th>
<th>FINPR 2.1 reviewed April, 2009</th>
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<tbody>
<tr>
<td>Approved or Rescinded</td>
<td>Version 1 - Approved</td>
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<tr>
<td>Date</td>
<td>Version 1 – Approved April, 2007</td>
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<tr>
<td>Title of Policy Maker</td>
<td>Executive Director, Finance and Administration</td>
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<tr>
<td>Date of Review 1</td>
<td>April, 2009</td>
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<tr>
<td>Amendment Required</td>
<td>Minor amendment required to Version 1 – FINPR 2.1 Amendment incorporated into Version 2 – FINPR 2.2</td>
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<tr>
<td>Name of Policy Maker</td>
<td>Richard Easther</td>
</tr>
<tr>
<td>Title of Policy Maker</td>
<td>Executive Director, Finance and Administration</td>
</tr>
<tr>
<td>Signature</td>
<td>(signed)</td>
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</table>
How to initiate a GCP lease with LeasePlan (Page 2 of 2)

**Employer**
- Payroll Services receives Final Package Allocation
- Match Final Package Allocation to copy of quote
- Employer commences payroll deductions from the delivery date onwards

**Employee**
- SMG Employee collects / receives the vehicle from the Dealer
- SMG Employee signs the Receipt Voucher & Dealer returns to LeasePlan

**LeasePlan**
- LeasePlan orders the vehicle & provides delivery advice
- LeasePlan confirms and advises delivery details from Dealer
- LeasePlan prepares and issues the Final Package Allocation
- Monthly UTAS invoicing commences from the delivery date onwards
- SMG Employee receives copy of Payroll Summary showing fortnightly deduction amounts
Appendix 2

UTAS Fees

The following charges will be reviewed on a yearly basis. Amendments to charges if required will be effective first pay in January.

An Administrative Fee is to be charged at the beginning of each lease and is only charged once per lease, the rates are below. This payment is taken from Pre-Tax dollars.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>100.00</td>
</tr>
<tr>
<td>2008</td>
<td>100.00</td>
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<tr>
<td>2009</td>
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A Fortnightly Fee is charged each fortnight during the lease, the rates are below. This payment is taken from Pre-Tax dollars.

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<th>Year</th>
<th>Amount $</th>
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<tbody>
<tr>
<td>2007</td>
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<td>2008</td>
<td>10.00</td>
</tr>
<tr>
<td>2009</td>
<td>10.00</td>
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On commencement of a new lease the initial payment will consist of the one off Admin fee of $100.00 plus the $10.00 Fortnightly fee, totalling $110.00.

An Initial Allocation will be deducted from employee’s salary as close as possible to delivery date. This payment is taken from Pre-Tax dollars.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$600.00</td>
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<td>2009</td>
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