

Salary Packaging Policy

1 Applies to

This Policy applies to:

- All Calvary employees

EXCLUSIONS

- Calvary Mater Newcastle employees not administered on National Office payroll

2 Purpose

Consistent with our values of hospitality, healing, stewardship and respect, Calvary is committed to offering employees flexible remuneration programs, including salary packaging that allows them to best maximise their net salary and providing employees with access to salary packaging benefits in accordance with all relevant legislative, award, enterprise agreement and individual contract provisions.

This Policy details the salary packaging benefits available to Calvary employees and the requirements for entering into salary packaging arrangements.

3 Responsibilities

Calvary Employees

- To read the contents of this salary packaging policy and comply with the requirements specified herein

Calvary Payroll Teams

- To administer the requirements of this policy, where applicable, through the Chris21 payroll system
- To liaise with Calvary's salary packaging provider to resolve salary packaging issues where appropriate

Managers

- To read the contents of this salary packaging policy in order to advise employees on the requirements specified herein
- To promote salary packaging benefits to employees

Refer to section 4.6.13 for further details of employee and employer responsibilities.

4 Policy

4.1 Introduction

The *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997* and the *Fringe Benefits Tax Assessment Act 1986* together with this policy regulate and define the type of benefits that can be included in an employee's salary package, how the benefits are treated for taxation purposes and the administrative arrangements that apply. This legislation or policy may change from time to time. If changes do occur employees may be given the opportunity to adjust the structure of their salary package to take account of any new requirements.

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In deciding whether to participate in salary packaging the benefits need to be carefully considered in relation to individual financial and personal circumstances. **It is strongly recommended that employees obtain independent financial counselling to ensure that their salary package suits their personal and financial requirements.**

4.2 Objective

The objective of salary packaging is to maximise flexibility for individuals to meet their personal and financial needs while at the same time ensuring that the benefit arrangements comply with relevant taxation legislation and rulings.

Salary Packaging offers a range of advantages to employees including:

- Making financial decisions based on before tax dollars, not after tax dollars
- Allocating salary and optional benefits to suit individual financial and personal situations
- Increase in net salary

Salary Packaging allows eligible employees to receive their salary as a combination of cash and benefits. A portion of salary is taken pre-tax and directed towards approved benefit items, providing potential to increase disposable income.

In keeping with current practices, employees will have the discretion to determine the mix of salary and benefits (within the approved list) that will constitute their salary package.

4.3 Eligibility

Salary packaging is available to all employees covered by an employment agreement that entitles them to utilise salary packaging. Both permanent full time and part time and maximum term full time and part time employees are eligible to salary package. However, participation in salary packaging is voluntary.

Casual staff are also permitted to salary package. However, due to the nature of casual employment some variances to the salary packaging program apply to casual staff. For example, due to the fluctuating nature of income earned through casual employment, casual employees and Calvary Care Support Workers, who generally don't have fixed hours per week, will be required to nominate a percentage (up to 100%) of salary to be salary packaged rather than a fixed dollar amount per pay.

Casual employees and Calvary Community Care Support Workers are allowed to nominate any combination of the following approved benefits:

- Living Expenses through a Salary Packaging Payment Card or manual reimbursement claim)
- Meal Entertainment (via the Meal Entertainment Card or manual reimbursement claim)
- Venue Hire
- Additional Superannuation contributions

Casual employees and Calvary Community Care Support Workers are not eligible to package any benefit item that requires a fixed and regular payment amount each pay cycle, i.e. mortgage, rent, loan payments or a novated motor vehicle lease.

In offering casual staff the option to salary package, Calvary does not imply that the nature of the casual employment relationship changes in any way. In particular, it does not imply any offer of employment continuity.

Novated motor vehicles leases are generally for a minimum of 12 months and the term of the lease agreement should generally not exceed the term of employment for maximum term employees.

4.4 Capping Limits

A wide range of benefits are available to be salary packaged without incurring Fringe Benefit Tax. The amount available to be salary packaged each FBT year (1 April to 31 March) without incurring Fringe Benefit Tax is determined by the tax status of the entity within Calvary you are employed by. The tax status of each Service is determined by the Australian Taxation Office.

Please refer to Table 1 (below) to establish the Grossed Up Taxable Value capping limit that applies to you. The 'Grossed Up Taxable Value' of the benefit represents the amount that you would have received in your gross salary (taxed at the highest marginal rate of income tax plus the Medicare levy and temporary budget repair levy where applicable) in order to pay for the benefit yourself in after tax dollars.

Table 1 – Current ATO Employer Tax Status and Capping Limit (as at April 2018)

Employer within Calvary Group	Tax Status	Capping Limit – Living Expenses	Capping Limit – Meal Entertainment & Venue Hire
Calvary Health Care ACT	Exempt	\$17,000	\$5,000
Calvary Health Care Adelaide	Exempt	\$17,000	\$5,000
Calvary Health Care Riverina	Exempt	\$17,000	\$5,000
Calvary Health Care Tasmania	Exempt	\$17,000	\$5,000
Calvary Private Health Care Canberra (John James)	Exempt	\$17,000	\$5,000
Calvary Health Care Sydney	Exempt	\$17,000	\$5,000
Calvary Health Care Bethlehem	Exempt	\$17,000	\$5,000
Calvary Retirement Communities Hunter-Manning	Exempt	\$30,000	\$5,000
Calvary Retirement Community Ryde	Exempt	\$30,000	\$5,000
Calvary Retirement Community Canberra	Exempt	\$30,000	\$5,000
Calvary Community Care	Exempt	\$30,000	\$5,000
Little Company of Mary Health Care Limited	Exempt	\$30,000	\$5,000

Superannuation, Novated Motor Vehicle Leases and FBT Free items can be salary packaged over and above the applicable capping limit.

There is no limit to the amount per pay that you can salary package, providing that no more than the capping limit detailed above is salary packaged towards benefit items that attract full Fringe Benefit Tax (i.e. not exempt from FBT or available at a concessional rate).

Note. If you are in receipt of a vehicle as part of your remuneration package, your capping limit will be reduced by the taxable value of the vehicle provided for your use by the group.

Further information on salary packaging can be obtained from our national salary packaging provider's website www.maxxia.com.au.

4.5 Salary Packaging Options

Benefits are available in the following categories:

- Capped Benefits – Living Expenses
- Capped Benefits – Meal Entertainment & Venue Hire
- Additional Superannuation
- Novated Motor Vehicle Lease
- Relocation Expenses
- Living Away from Home Allowance
- Otherwise Deductibles

4.5.1 Capped Benefits – Living Expenses

Capped Benefits – Living Expenses are items that are subject to the full rate of FBT. However, utilising your employer's tax status enables you to salary package such items up to the applicable capping limit (detailed in Table 1 in Section 4.4) without incurring Fringe Benefit Tax.

WHAT IS ALLOWED

The following benefits fall into this category and are available for salary packaging.

- Private Home Mortgage Payments
- Personal Loan Repayments
- Rental Payments
- Living Expenses through a Salary Packaging Payment Card or Credit Card Reimbursement
- General Insurance Premiums

TAXATION ISSUES

All payments made will be included within the applicable FBT exemption limit and will be "grossed-up" and reported on the employee's payment summary as a fringe benefit.

Calvary is entitled to claim an Input Tax Credit (ITC) from the ATO for the GST component of any expenditure incurred by employees on living expenses, including administration fees. It is Calvary's policy to return these ITCs to an employee's respective salary packaging account where the employee is still in current employment with Calvary.

FORM OF PAYMENT

Regular payments can be established by Maxxia and ad hoc expenses can be paid using the **Salary Packaging Payment Card** where it is an available benefit (refer to section 4.6.5).

PACKAGE COST

The cost to the salary package will be the cost of the payments plus any applicable FBT.

OTHER INFORMATION

Employees who salary package these benefits will be required to indemnify the employer for any FBT liability. The FBT exemption within the capping limit will be managed by Maxxia, and Maxxia will ensure that any FBT liability above the cap will not be incurred without the express request of the employee.

TAXATION IMPLICATIONS OF CAPPED BENEFITS – LIVING EXPENSES

A grossed up taxable value (GUTV) limit applies to the value of fringe benefits an employee working in Hospitals and Public Benevolent Institutions can salary package without FBT applying. Benefits salary packaged above this limit would attract the full rate of FBT, if the payments are subject to FBT. Table 1 in Section 4.4 details the capping limit for each employer within the Calvary network. Maxxia do not permit employees to salary package above the capping limit for Full FBT benefit items.

The Grossed Up Taxable Value of an expense benefit is equal to the cost of the benefit plus the normal FBT payable on the fringe benefit. The GUTV limit is therefore not the amount that is available for expenditure. The table below indicates the actual amount available for payment towards capped benefits.

GUTV (Capping) Limit	Actual Expenditure	
	Payments with GST	Payments without GST
\$17,000	\$8,231	\$9,010
\$30,000	\$14,525	\$15,900

4.5.2 Capped Benefits - Meal Entertainment & Venue Hire

An employee may salary package the cost of eligible meal entertainment expenses at a restaurant, bistro, hotel or professional caterer and the cost of hiring venues or facilities by the employee for the provision of entertainment and/or recreation.

WHAT IS ALLOWED

The following type of expenses will generally qualify as Meal Entertainment:

- Expenditure on food and beverages at restaurants, bistros, cafes etc;
- Expenditure on in-house catering.

The following type of expenses will generally qualify as Venue Hire:

- Holiday accommodation, including hotels, motels and other similar units of accommodation;
- Hire of a reception centre, function room or marquee;
- Cruises;
- A corporate box; and
- Boats or planes where the boat or plane has been hired in its entirety.

WHAT IS NOT ALLOWED

The following purchases are not considered Meal Entertainment and cannot be purchased with the Card or claimed as a reimbursement:

- Purchases of alcohol and other items from Liquor Shops.
- Purchases from grocery shopping/supermarkets.
- Purchase of takeaway meals.
- Entertainment items alone, such as movie and theatre tickets.
- Hotel and similar accommodation.
- Purchases from canteens/coffee shops/cafes on Calvary sites.
- Purchases from bakeries.
- Membership fees to sporting clubs and similar associations.

The following types of expenses do not qualify as Venue Hire:

- Travel, including air fares, to the holiday destination;
- Meals (including meal entertainment) and other incidental costs at the holiday destination;
- Golf club or similar memberships; and
- Purchase of holiday homes or time share accommodation.

TAXATION ISSUES

- All payments made will be included within the applicable FBT exemption limit and will be “grossed-up” and included on the employee’s payment summary as a reportable fringe benefit.
- Goods and Services Tax (GST) applies to meal entertainment and venue hire expenses.
- Calvary is entitled to claim an Input Tax Credit (ITC) from the ATO for the GST component of any expenditure incurred by employees on venue hire and administration fees but not meal entertainment. It is Calvary’s policy to return any ITCs to an employee’s respective salary packaging account where the employee is still in current employment with Calvary.

FORM OF PAYMENT

Regular payments can be made to your Meal Entertainment Payment Card (refer to section 4.6.5) for Meal Entertainment expenses only, or directly to your Meal Entertainment and/or Venue Hire account with Maxxia.

Where the Meal Entertainment Payment Card cannot be used for payment, an employee may submit a claim for reimbursement via your Maxxia Online Account or the Maxxia Claims App. Reimbursements will be made by EFT transfer to your nominated bank account.

NOTE: You cannot use a Meal Entertainment Payment Card to pay for Venue Hire.

PACKAGE COST

Cost of the meal entertainment and/or venue hire expenses will be the cost of the payments plus any applicable FBT.

OTHER INFORMATION

Employees who salary package these benefits will be required to indemnify the employer for any FBT liability. The FBT exemption within the capping limit will be managed by Maxxia and Maxxia will ensure that any FBT liability above the cap will not be incurred without the express request of the employee.

TAXATION IMPLICATIONS OF CAPPED BENEFITS – MEAL ENTERTAINMENT AND VENUE HIRE

A grossed up taxable value (GUTV) limit applies to the value of fringe benefits an employee working in Hospitals or Public Benevolent Institutions can salary package without FBT applying. Benefits salary packaged above this limit will attract the full rate of FBT, if the payments are subject to FBT. Table 1 in Section 4.4 details the capping limit for each employer within the Calvary network.

The Grossed Up Taxable Value of an expense benefit is equal to the cost of the benefit plus the normal FBT payable on the fringe benefit.

The GUTV limit is therefore not the amount that is available for expenditure. The table below indicates the actual amount available for payment towards capped benefits – meal entertainment and venue hire.

GUTV (Capping) Limit	Actual Expenditure	
	Payments with GST	Payments without GST
\$5,000.00	\$2,650.00	\$2,650.00

4.5.3 Additional Superannuation

An employee may salary package additional superannuation contributions to a complying superannuation fund. A complying superannuation fund must be registered and comply with the requirements of the Australian Prudential Regulatory Authority and Australian Taxation Office.

Superannuation is not subject to FBT and therefore can be salary packaged over and above the applicable capping limit.

Contributions to the superannuation fund can only be made on behalf of the employee. Contributions cannot be made on behalf of the employee's spouse.

Additional contributions to the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Defined Benefit Scheme (PSSdb) cannot be salary packaged. Contributions to the Public Sector Superannuation Accumulation Plan (PSSap) may be salary packaged.

Employees of Calvary Health Care ACT considering additional contributions to either the PSS (db) or CSS should contact Calvary ACT Bruce Public Human Resources for additional information.

TAXATION ISSUES

Additional superannuation contributions made under a salary sacrifice arrangement will be reported on an employee's payment summary. The contributions are referred to as 'reportable employer superannuation contributions' and are included for most government surcharges and income tests.

The reporting period for 'reportable employer superannuation contributions' is 1 July to the following 30 June of each financial year and 'reportable employer superannuation contributions' represent funds received by the super fund within the reporting period.

Salary packaged superannuation payments are subject to a Contribution Tax of 15% that is deducted by the superannuation fund and remitted to the Australian Taxation Office up to the concessional contribution cap and then treated as taxable income.

- GST does not apply to superannuation payments.
- Input Tax Credits are not available.
- Fringe Benefits Tax does not apply.

FORM OF PAYMENT

- Regular payment made directly to the superannuation fund.
- Non-regular payments can also be made to the superannuation fund.

PACKAGE COST

Cost of the superannuation contribution from salary package.

OTHER INFORMATION

Superannuation payments made by an employee to the superannuation fund cannot be reimbursed.

4.5.4 Novated Motor Vehicle Lease

For some employees the inclusion of a motor vehicle in their salary packaging arrangement may be an attractive option. This can be arranged through a novated motor vehicle lease. A Novated Motor Vehicle Lease is a concessional tax benefit item and can therefore be salary packaged over and above the applicable capping limits. FBT is payable on a Novated Motor Vehicle Lease and must also be included in the salary package, unless sufficient post tax contributions are made.

The benefits of entering such an arrangement include:

- Choice of vehicle and fuel provider (BP, Caltex & Shell)
- No GST on purchase price
- Access to fleet discounts on new cars
- Tax-free running costs and access to supplier discounts
- Competitive finance rates

Existing novated motor vehicle leases can be transferred across to Calvary on commencement of employment. Employees should contact Maxxia to discuss the options available to them in relation to the continuation of their novated lease arrangements.

WHAT IS A NOVATED LEASE?

Novated lease arrangements are governed by both the fringe benefits tax and income tax legislation and are also approved by the Australian Taxation Office.

- A three-way arrangement between the Employee, Employer and Financier
- The three parties enter into a 'Deed of Novation'
- A vehicle is leased from the financier in the Employee's name
- The responsibility for the lease and all other responsibilities under the lease is transferred to the Employer for the term of the Deed of Novation
- The Deed of Novation ends on termination of employment or at the end of the lease term, whichever is first
- There are set monthly lease repayments and a residual value at the end of the lease
- If your employment ceases then you are directly responsible for all payments for the vehicle
- In addition to the lease payments, all running costs (i.e. annual registration and comprehensive insurance, fuel, servicing and repairs) in relation to the leased vehicle are also paid through the employee's salary package

There are two novated lease options available on new cars and used cars up to 7 years old by the end of the proposed lease period:

FULLY MAINTAINED NOVATED LEASE

A Maxxia 'My Car' – Fully Maintained Novated Lease' provides the employee with additional services to a 'Self-Managed Novated Lease'. Some of these benefits include:

- Providing a vehicle buying service for new vehicles, with access to discounted pricing on recommended retail price of the vehicle
- Arranging a finance lease at competitive rates, and obtaining the necessary approvals for the employee to proceed when ready
- Employees who choose this service will enjoy the benefits usually associated with a major fleet management organisation including significant savings on fuel, servicing and tyres
- Comprehensive insurance fixed for the term of the lease, unless there is a change of address or an insurance claim made. However, the choice of insurance companies is at the employee's discretion

- Calculating a budget based on the estimated number of kilometres to be travelled, covering the entire period of the lease for all costs associated with the motor vehicle including lease, fuel, maintenance, registration, tyres, insurance, FBT, roadside assistance and fees and charges
- Ensuring the vehicle is operated entirely using the vehicle maintenance program
- Quarterly Transaction Statements that show the actual vehicle expenses incurred
- The lease has been designed for Salary Packaging as the first two lease payments are deferred for two months to ensure there are sufficient funds in your account to make the lease payments

SELF-MANAGED NOVATED LEASE

Under a Self-Managed Novated Lease arrangement the employee sources their own vehicle and arranges their own finance. The employee then nominates amounts to cover other vehicle expenses such as maintenance, fuel, registration and insurance. The amounts nominated for these costs are not calculated based on mileage or type of vehicle, but are an estimate of annual expenses likely to be incurred in the running of the vehicle. The employee is issued a fuel card as part of the salary package; however they pay for other motor vehicle expenses and seek reimbursement when funds become available. The employee must also pay any lease and operating costs until sufficient funds have accumulated in your account and all documentation is received.

The information provided below applies to both Novated Lease products.

RESTRICTIONS

- Employees may include up to a maximum of two novated motor vehicle leases as part of their salary package
- Where modifications are made to the motor vehicle (e.g. sunroof, towbar, tinted windows) after the commencement of the lease these items cannot be included in the salary package
- The cost of stamp duty and other costs related to the purchase of the motor vehicle can only be packaged as part of the lease cost, i.e. not as running costs

EMPLOYEE CONTRIBUTION METHOD

- The Employee Contribution Method (ECM) enables an employee to reduce the FBT of a novated motor vehicle by making a post-tax contribution to the operating costs of the vehicle
- The amount of employee's contribution required to reduce the FBT to zero must be equal to the taxable value of the motor vehicle, based on a statutory percentage of 20%.
- Contributions made by an employee are subject to GST. The GST on the employee contributions is calculated as 1/11th of the amount contributed by the employee.

TAXATION ISSUES

- GST does apply to certain components of a Novated Motor Vehicle Lease such as lease payments, fuel and registration.
- Calvary is entitled to claim an Input Tax Credit (ITC) from the ATO for the GST component of any expenditure incurred by employees on expenditure relating to novated leases, including administration fees. It is Calvary's policy to return any ITCs to an employee's respective salary packaging account where the employee is still in current employment with Calvary.
- The taxable value of a salary packaged novated motor vehicle is "grossed up" and will be included on the employee's payment summary unless the employee adopts the Employee Contribution Method (ECM) and reduces the taxable value on the motor vehicle to Nil

EMPLOYEE DECLARATION

A Motor Vehicle-Fuel and Oil Expenses Declaration will be required where payments of fuel and oil are being made by the employee to reduce the taxable value of the motor vehicle.

FORM OF PAYMENT

- For self-managed novated leases please refer to section above entitled self-managed novated lease
- For fully maintained leases all expenses are paid by Maxxia, either directly to third party, or to the employee via reimbursement of submitted claim

OTHER INFORMATION

- Lease payments cannot ordinarily be reimbursed.

4.5.5 Relocation Expenses

An employee may salary package the cost of FBT exempt relocation expenses incurred in moving the employee and family members from one locality to another for employment purposes.

WHAT IS ALLOWED

- Relocation travel costs, including meals and accommodation en-route, for the employee and family members.
- The cost of removal of furniture and personal effects, including insurance and storage.
- The costs of temporary accommodation, both at the old locality and the new locality.
- The cost of leasing furniture for the temporary accommodation.
- The cost of connecting telephone, electricity or gas services to the temporary accommodation.
- Necessary meal costs at a hotel, motel or restaurant (in excess of \$2 per meal per adult or \$1 per child under 12 years).
- Home sale and purchase costs, including stamp duty, legal fees and estate agent's commission.

TAXATION ISSUES

- To the extent the relocation costs comply with the requirements for FBT exemption, the cost of relocation expenses are not reported on the employee's payment summary as a fringe benefit.
- GST generally applies to relocation costs where incurred within Australia.
- Input Tax Credits are available.

SUBSTANTIATION

- Submit the original receipt/Tax Invoice for reimbursement of the expense incurred by the employee.
- The receipt/Tax Invoice must provide the following details:
 - Date of payment
 - Amount of payment

EMPLOYEE & EMPLOYER DECLARATION

Only the National Director People & Organisational Development or the Business Unit Leader at your site is authorised to sign off the Relocation Expenses benefit request. Please refer to the Relocation Expense Claim Form and obtain approval from your employer before submitting the request to Maxxia.

FORM OF PAYMENT

Reimbursement to employee where the original receipt/tax invoice and a completed claim form is submitted to Maxxia.

4.5.6 Living Away From Home Expenses

Strict rules apply around claiming Living Away from Home Expenses (LAFHA). If you believe you may be eligible for this benefit, please contact Talisa Stephen from National HR, before contacting your salary packaging provider. LAFHA is available for a maximum of 12 months for people maintaining two homes in Australia.

4.5.7 Otherwise Deductibles

Under the Fringe Benefits Tax Assessment Act 1986, there are a number of items that can be salary packaged that do not attract Fringe Benefits Tax and are not reported on employees' payment summaries as a fringe benefit.

WHAT IS ALLOWED

- Professional Memberships & fees
- Airport Lounge Membership
- Work Related expenses
- Investment Loan Interest Repayments
- Self-Education expenses

FORM OF PAYMENT

Reimbursement to employee where the original receipt/tax invoice and a completed claim form has been forwarded to Maxxia.

4.6 Administration

The details concerning the administration of salary packaging are set out below and should be carefully read prior to deciding to participate in salary packaging.

4.6.1 Administration of Funds

Upon commencement of salary packaging the following will be deducted on a pro-rata basis from the employee's salary:

- The cost of the selected optional benefit(s);
- Any FBT applicable to these benefits;
- The administration cost; and
- Deduction of any applicable tax saving under a tax saving share arrangement.

Where an employee has opted to use a Maxxia Wallet card for one or more of their benefits (refer section 4.6.5), fees relating to the administration of this card will also be deducted from the employee's salary.

The funds for the selected optional benefit(s) will be provided to Maxxia for disbursement. Payments for benefit items will only be made where sufficient funds exist at the time the payment is due. Accordingly, when deciding to allocate money to a particular benefit, employees may wish to provide an additional amount to meet any anticipated increases in the cost of the payments.

4.6.2 Terms and Conditions

The following terms and conditions will apply:

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- Benefit payments will only be made where Maxxia has received a salary package deduction;
- Where insufficient package funds are available to cover a payment, no benefit payment will be made, unless you have specifically requested the option for partial / regular reimbursement when submitting your completed claim form;
- All benefit payments will cease immediately for those Employees that terminate, or are on leave without pay where alternative arrangements have not been made;
- Employees are only permitted to package benefits which form part of the employer's approved package menu/Policy (refer Section 4.5 for details of permitted package benefits)
- Any unspent pre-tax funds will be returned to the Employee through the payroll system when a change is made to the salary package or employment has ceased.
- Pay As You Go tax (PAYG) is withheld from unspent funds returned via the payroll system in accordance with tax legislation which requires the amount to be taxed at the employee's marginal tax rate.

These terms and conditions may be updated from time to time.

4.6.3 Salary Packaging Acceleration

Employees are entitled to salary package to their applicable capping limit (refer table 1 in Section 4.4) each FBT year. Salary package acceleration allows employees who commence salary packaging during the FBT year to maximise the available limit over the remainder of the FBT year. When an employee accelerates their salary package, the administration fee will also be accelerated.

4.6.4 Methods of Payment

REGULAR PAYMENTS

Benefit(s) which have a fixed instalment amount and occur on a regular basis (e.g. regular additional superannuation contributions or mortgage payments) will be paid as a regular payment. The following details should be provided for these payments:

- The name and address of where payments should be made;
- The frequency of the payments;
- The payment amount;
- The commencement date for regular payments; and
- The BSB and account number for regular direct EFT and payments.

NON REGULAR PAYMENT

These payments are for benefit(s), which do not have a fixed instalment amount or do not occur on a regular basis (e.g. private travel). If the payment is not subject to FBT, it will be paid on the employee's behalf on receipt of a completed Reimbursement Claim Form.

If the payment is subject to FBT, then payment must be made with the Salary Packaging Payment Card (See Section 4.6.5 for details). Where the payment card cannot be used, you may submit one claim per calendar month. Additional claims will incur a processing fee of \$15 (including GST).

REIMBURSEMENTS

An employee who pays directly the cost of a benefit, which is not subject to FBT, will be reimbursed on receipt of a completed Reimbursement Claim Form and the original receipted account. Reimbursement will be by electronic funds transfer (EFT) to the employee's nominated bank, building society or credit union account.

Non-regular payments and reimbursements will be made by Maxxia, subject to the employee having

sufficient package funds, within 48 hours of receiving an employee's request.

4.6.5 Maxxia Wallet

An employee may salary package the cost of ad hoc expenses such as utilities, groceries, travel, meal and entertainment and motor vehicle operating expenses either via a Salary Packaging Payment Card ("Maxxia Wallet") or via submitting manual reimbursement claims. The Maxxia Wallet is a Visa Debit Card which allows you to access funds on your salary packaging or meal and entertainment account. Only one card is required to access both benefits.

A charge of \$4.40 (incl. GST) per benefit per month is deducted as part of your salary packaging arrangements to cover the administration costs associated with the Maxxia Wallet program. This charge is in addition to the existing Maxxia Administration fees.

Additional foreign transaction charges apply if the Wallet card is used overseas.

WHAT ARE THE RESTRICTIONS

- Cash advances are not permitted.
- The Card cannot be used at Automatic Teller Machines (ATM).
- The Card can be used to make internet payments.
- The credit limit on the Card must not be exceeded.
- Additional funds cannot be credited to the Card.
- Regular payments cannot be established.
- The Card cannot be used after it has been cancelled.

4.6.6 Reconciliation

A reconciliation of the salary package will occur when an employee alters their salary package or ceases employment. Any balance remaining in an employee's salary package on termination of employment will be paid as salary and taxed accordingly in accordance with current tax legislation (refer to section 4.6.2).

Where Maxxia pays any expense that relates to the employee's salary package, which is in excess of the amount nominated, the employee will be required to repay such an expense.

4.6.7 Changed Circumstances

All changes to salary packaging arrangements must be on a prospective basis.

4.6.8 Leave

ANNUAL LEAVE

Providing Maxxia continues to receive salary packaging funds for employees on annual leave, then salary packaging arrangements will continue as planned. Should payroll pay annual leave in advance, and forward the salary packaging funds to Maxxia in advance, payments will continue as planned unless Maxxia is advised otherwise.

LEAVE WITHOUT PAY

An employee may be required to cease or suspend any salary packaging arrangements during any period of unpaid leave. In most instances approval of any period of leave without pay will require the employee to cease or suspend salary packaging or make arrangements to ensure sufficient funds are available to continue benefits payments over the period of leave without pay.

The employee should notify Maxxia where an employee's salary packaging arrangements will be affected as a result of the approval of paid or unpaid leave. Where possible this notification should

be provided prior to the commencement of the leave period to enable the necessary administrative arrangements to be made.

4.6.9 Portability of Salary Packaging

INTERNAL TRANSFER

Employees who are promoted, redeployed, transferred or seconded within the same employer can expect their salary packaging arrangements to continue. They will however be required to notify Maxxia if there is a change to the existing pay cycle arrangements. This will allow Maxxia to realign payments with the expected income date.

TRANSFER BETWEEN CALVARY ENTITIES

Employees who are promoted, redeployed or transferred to another employer within the Calvary group can expect their salary packaging arrangements to continue. They will however be required to notify Maxxia of the change as soon as is practicable to ensure Maxxia transfers the arrangements to the new employer, and to make the necessary adjustments to their package if the new employer has a different FBT status.

The employee is entitled to salary package up to the applicable GUTV limit with both employers for the FBT year in which the transfer of employment occurs.

MOVING TO ANOTHER EMPLOYER (OUTSIDE CALVARY)

Employees should be aware that if they leave to take up an employment opportunity with another employer, there are no automatic entitlements to continuation of this salary packaging program.

4.6.10 Ceasing Packaging

An employee may elect at any time to cease salary packaging by giving at least fourteen days' notice in writing to Maxxia using the Cessation of Salary Packaging Form.

Should the employee wish to recommence packaging within the same salary package year, the employee may be required to meet the additional cost associated with the re-establishment of packaging arrangements.

Where an employee's salary packaging arrangements are ceasing due to termination of employment, it is necessary for the employee to notify Maxxia of his or her termination date as soon as possible. This enables Maxxia to promptly reconcile and finalise your salary packaging accounts and send any unused or unreconciled pre-tax amounts back to Calvary in time for distribution with your final pay where possible. Any return of excess pre-tax funds will be paid as salary and taxed accordingly in accordance with current tax legislation (refer to section 4.6.2).

All salary packaging accounts, excluding novated leases, must be finalised within 10 days of your termination date. Novated lease accounts must be finalised within 30 days of your termination date. Details of any expenditure incurred, which may result in manual claims (either from the employee or from a supplier for novated leases) on a salary packaging account, should be notified to Maxxia prior to cessation of employment. Lack of notification of this expenditure may result in the item not being processed through the individual employee's respective salary packaging account and any such cost would need to be met by the employee from post-tax earnings.

Any delays in the receipt of excess funds by Calvary as a result of the employee not complying with the requirements of this policy, specifically in relation to timely notification to Maxxia of pending cessation of employment and incurring expenditure relating to a salary packaging account which is in the process of being closed and reconciled which was not notified to Maxxia prior to cessation of employment, could

result in a delay in processing of an individual employee's final pay.

Any additional costs incurred as a result of termination of an employee's salary package arrangements must be paid by the employee and will be deducted from the employee's final termination payment.

Salary packaging arrangements will also cease in the event that an employee is suspended without pay.

4.6.11 Reports

Employees participating in salary packaging will receive quarterly reports that provide details on payments made for selected benefit items.

The following online transaction reports are available:

- **Account Balance Report** – shows packaging account balance at the time of accessing the report
- **Transactions in Last 90 days** – lists the salary packaging contributions received and details of payments made during the last 90 days

Instructions for accessing online reports are provided at the commencement of salary packaging.

4.6.12 Complaints Handling Complaints and Feedback Policy

OVERVIEW

Maxxia provides accessible, fair and independent dispute resolution for its customers. In the provision of this service, Maxxia is aware of the importance of a clear and transparent Complaints and Feedback process. We want to ensure all complaints about our products and services are managed with a high level of fairness in accordance with our organisation's values.

This is a free service to all Maxxia's customers.

This policy is aligned with ASIC's Regulatory Guides 139 (RG139) and 165 (RG 165) and the Australian Standard – Customer Satisfaction – Guidelines for complaints handling in organisations (AS ISO 10002 – 2006).

COMPLAINT DEFINITION

AS ISO 10002 – 2006 defines a complaint as follows:

'An expression of dissatisfaction made to an organisation, related to its products, or the complaints handling process itself, where a response is explicitly or implicitly expected'.

In line with the above, Maxxia will consider any expressed dissatisfaction about its products or services, where a response is explicitly or implicitly expected, as a complaint.

Maxxia takes complaints about its products and service very seriously. This policy is designed to ensure Maxxia provides the highest levels of customer service in relation to its complaints handling processes.

KEY PRINCIPLES OF THE COMPLAINTS AND FEEDBACK PROCESS

This Policy is underpinned by the following guiding principles:

- Fairness, transparency and respect
- Commitment to providing an integrated complaints handling process
- Recognising and respecting our customers' right to lodge a complaint
- The complaining party must know who is handling their complaint
- All complaints are acknowledged and responded to promptly and sensitively
- All customers are advised the date by when they will receive a response to their complaint
- All complaints are dealt with in a manner that is effective, fair to all parties and provides a clear

outcome

- All complaints are recorded to enable review of individual cases, the identification of trends and to review service efficiency
- Recording complaints in a prompt, accurate and accessible manner to enable the identification of customer

4.6.13 Responsibilities

The responsibilities of each party involved in establishing and maintaining salary packaging arrangements are summarised in the table below.

Party	Responsibility
Maxxia	<ul style="list-style-type: none"> • Provide each employee with information about salary packaging • Market and promote the program at each employers' site • Provide services in relation to salary packaging in line with this policy • Accurately process salary packaging applications and amendments within 5 business days after the date of receipt • Accurately process claims within 2 business days after the date of receipt • Payment of the selected benefit item(s) in accordance with instructions provided by the employee in the Salary Packaging Application Form; • Obtain and store benefit payment substantiation for Australian Taxation Office compliance and audit purposes; • Provide reports to employees • Undertake full reconciliation of salary packages • Finalise accounts for terminated employees within timeframes stipulated in this policy, minimising any final payments to employees in a new FBT year • Communicate directly with employees in relation to salary packaging • Provide access to on-site representatives • Provide access to on line reporting • Provide employers with necessary reporting both on a monthly basis and at FBT and financial year end
Employee	<ul style="list-style-type: none"> • Review all salary packaging information provided • Make use of salary packaging in a way consistent with Calvary's values • Payment of fees to Maxxia associated with salary packaging • Obtain independent financial advice (if required) • Notify Maxxia of changes in circumstances (e.g. leave without pay, change of contract terms including a move from casual to permanent employment and vice versa, termination of employment) • Arrange the salary packaging contact officer (usually the Director of Finance) to sign the Deed of Novation (for novated leases) • Advise Maxxia if you have use of a company car as part of your remuneration • Ensure any manual claims are lodged and any remaining funds on the SP or ME payment card are expended prior to termination of employment • Advise Maxxia of any expenditure incurred which may result in manual claims by the employee or may result in a charge to a novated lease account by a supplier prior to cessation of employment
Calvary	<ul style="list-style-type: none"> • Provide each employee with access to information about salary packaging • Nominate a salary packaging contact officer at each service to sign the Deed of Novation on behalf of the agency

	<ul style="list-style-type: none"> • Provide new employees with a 'Letter of Offer' advising the employee of their eligibility to partake in the salary packaging program • Forward funds to Maxxia as instructed by Maxxia • Claim ITCs and return to the employee's salary packaging account (where applicable) • Notify Maxxia of any employees that have terminated their employment
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4.7 Administration Cost

Employees who choose to participate in salary packaging are required to include the administration cost within their salary package. Salary packaging administration fees are not included in the capping limit.

4.7.1 Salary Packaging

The administration cost of salary packaging an unlimited number of benefit items, including a Self-Managed Novated Lease, but excluding a Fully Maintained Novated Lease and the Meal Entertainment and Venue Hire program is \$231.00 (including GST) per annum per participating employee. Although the administration fee is an annual fee, it is payable on a per pay cycle basis (\$8.89 per fortnight).

Any single non-FBT item (excluding additional superannuation contributions) attracts an administration fee of \$55.00 (including GST).

Where an employee salary packages for less than six months of the FBT year, they will be required to pay 50% of the annual administration fee. If an employee salary packages for more than six months, the fortnightly fee will cease to be charged on termination of the salary packaging arrangement.

If, however, the salary package was accelerated during the FBT year the full annual fee is payable.

4.7.2 Package Changes

An employee may change their salary packaging arrangements during the FBT year at no cost.

4.7.3 Manual Claim Payments

An employee may submit one claim per calendar month for reimbursement for capped benefits. Additional claims may incur a fee of \$15 (including GST).

4.7.4 Fully Maintained Novated Lease

Employees who choose to salary package a Fully Maintained Novated Lease through Maxxia My Car will pay an annual fee of \$264.00, this is payable on a monthly basis (\$22.00 per month) for the term of the lease. The salary packaging administration fee (4.1 above) does not apply when a Fully Maintained Novated Lease is the only benefit item.

4.7.5 Meal Entertainment & Venue Hire Program

Employees who elect to participate in the Meal Entertainment Program will pay an annual administration fee of \$10. This is in addition to the salary packaging fee.

4.7.6 Maxxia Wallet

A charge of \$4.40 (incl GST) per benefit per month is deducted as part of your salary packaging arrangements to cover the administration costs associated with the Maxxia Wallet program. This charge is in addition to the existing Maxxia Administration fees.

Additional foreign transaction charges apply if the Wallet card is used overseas.

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4.7.7 Fee Summary

Administration Fee Description	Amount per Fortnight	Annual Fee (Including GST)
Meal Entertainment/Venue Hire	\$0.38	\$10.00
Any single non-FBT (excluding Superannuation)	\$2.12	\$55.00
Unlimited benefit items, other than a Fully Maintained Novated Motor Vehicle Lease or Meal Entertainment/Venue Hire	\$8.89	\$231.00
Fully Maintained Novated Motor Vehicle Lease only	\$10.15	\$264.00
Maxxia Wallet Fee – one benefit only	\$2.03	N/A
Maxxia Wallet Fee – two benefits	\$4.06	N/A
Super Only		\$0.00

4.8 Taxation

The salary component of the salary package will continue to be subject to Pay As You Go (PAYG) taxation deductions in accordance with the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997.

4.8.1 Future Taxation

The employee must also meet the cost of any current or future taxes payable by Maxxia or the employer or the employee under the Fringe Benefits Tax Assessment Act 1986, the Income Assessment Act 1936, Income Tax Assessment 1997, and A New Tax System (Goods and Services Tax) Act 1999 and related legislation or similar Federal or State legislation.

4.8.2 Payment Summary Reporting

Employers are required to report the “grossed up” value of fringe benefits on the employee’s payment summary, where the total taxable value of the reportable benefits received in an FBT year (i.e. 1 April to 31 March of the next calendar year) exceeds \$2,000.

The grossed up value is the sum of the value of the fringe benefit and FBT that would be payable on the fringe benefit.

EXAMPLE: If the value of the benefit is \$2,000 then the grossed-up value is calculated as follows:

Value of Fringe Benefit = \$2,000

Notional FBT (\$2,000 x 0. 8868) = **\$1,773**

“Grossed-up” value (\$2,000 + \$1,773) = \$3,773

Only fringe benefits that attract an FBT liability are reported on the payment summary.

The fringe benefits salary packaged for the FBT year (e.g. 1 April to 31 March of the next calendar year) are reported on the payment summary for the financial year ending 30 June.

The following benefit items will be reported on the payment summary:

- Capped benefits including Living Expenses, Meal Entertainment and/or Venue Hire;

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- Superannuation Contributions; and
- Other benefits provided by the employer, for example novated motor vehicle lease.

FBT free benefit items will not be reported on the payment summary.

The grossed up value of fringe benefits will be included for most government surcharges and income tests including:

- Child support obligations
- Higher Education Loan Program (HELP/HECS) repayment
- Medicare levy surcharge
- Personal superannuation contributions rebate
- Rebate for spouse superannuation contributions

The grossed up value of fringe benefits reported on the payment summary is adjusted to 51% by Centrelink for the following:

- Family assistance payments including child care benefits
- Youth income support payments

4.8.3 Reportable Employer Superannuation Contributions

Contributions made by an employer as part of their compulsory superannuation guarantee contributions are not treated as reportable employer superannuation contributions, and will not be included on an employee's payment summary.

Both additional superannuation contributions made under salary sacrifice arrangement and employer superannuation guarantee contributions are assessed as part of the concessional super caps. Advice should be sought from a financial advisor regarding the concessional super caps.

4.8.4 Input Tax Credits

Where an employee has an entitlement to a Goods and Services Input Tax Credit (ITC) under a salary packaging arrangement and the employee provides a compliant tax invoice with their claim, the employer will claim the ITC from the ATO and pay the ITC's to Maxxia on a monthly basis for crediting to the employee's salary packaging account.

ITC's are only paid to Maxxia for crediting to the employee's salary packaging account where the employee is employed by Calvary at the date of payment. ITC's will not be paid to Maxxia for terminated employees.

4.9 Privacy

4.9.1 Privacy Policy

Maxxia is bound by the **National Privacy Principles** contained in the **Privacy Act 1988**. Maxxia has procedures in place to ensure the strict confidentiality of personal client information.

Maxxia's Privacy Policy regulates the type of personal information we collect as well as the use of the personal information. Your personal information is used by Maxxia to provide you with salary packaging administration services, and in some cases to assist you in the acquisition of a motor vehicle under a novated lease. Maxxia may also use this information to keep you informed of new Maxxia products and services.

You can obtain a copy of the Maxxia's Privacy Policy by contacting us. Alternatively you can obtain a copy of the Privacy Policy from our website at maxxia.com.au

4.9.2 Access to Your Personal Information

Under the National Privacy Principles you are generally entitled to access the personal information Maxxia holds about you. You can request access to your personal information by writing directly to Maxxia at:

The Privacy Officer

Maxxia Pty Ltd

Locked Bag 18

Collins Street East

MELBOURNE VIC 8003

Or email Maxxia at privacy@maxxia.com.au

Where you are entitled to obtain access to your personal information, the time we require to give you access will depend on the type of information requested. In some circumstances we may charge you a fee for providing access to your personal information. The fee will be based on our costs in locating the information and the form of access you require. In all cases we will provide you with an estimate of the fee so that you can confirm that you still require access to your personal information.

4.10 Summary of Variations

CALVARY HEALTH CARE SYDNEY & CALVARY HEALTH CARE RIVERINA

The saving achieved by the employee through increased after tax income (via a reduced taxable income, benefits provided and lower tax), together with the annual administration fee charged to individual participants for administering their packaging arrangements are shared between the employees and the employer.

This tax saving share arrangement, however, will **only apply** to the annual fee and tax savings achieved **within** the applicable capping limit for living expenses (see Table 1 in 4.4). **All other tax savings achieved over and above those within the capping limit for living expenses will be retained, in full, by the employee.** Conversely all additional fees payable (i.e. novated lease, Meal Entertainment cards etc) will be paid in full by the employee.

Disclaimer

This Salary Packaging Policy (the 'Policy') has been prepared without consideration of the particular investment objectives, financial situation and needs of individual employees. In all cases, employees should conduct their own investigation and analysis of the information contained in this Policy. No employee should act on the basis of any matter contained in this Policy without taking appropriate legal, financial and other professional advice regarding their own particular circumstances. Each employee who wishes to take advantage of salary packaging is advised to seek independent financial advice particularly in relation to complex motor vehicle fringe benefits tax and income tax issues.

Little Company of Mary Health Care Limited and subsidiaries (Calvary), Maxxia Pty Ltd ('Maxxia'), each of their related bodies corporate, each of their employees, and every person involved in the preparation of this Policy, expressly disclaim all liability for any loss or damage of whatsoever kind (whether foreseeable or not) which may arise from any person acting or relying on any statements contained in this Policy, or for any advice given by any salary consultant, and notwithstanding any negligence, default or lack of due diligence and care.

The actions of your employer and Maxxia in relation to paying employment benefits from salary packages to a third party does not in any way imply a transfer of responsibility or liability to the employer or Maxxia in relation

to any agreement, or understanding between the employee and that third party.

Maxxia provides administration and referral services on behalf of employers as an Authorised Representative (No. 278683) of McMillan Shakespeare Ltd (AFSL No. 299054). It does not provide any form of financial, taxation or financial product advice to employees on the relative merits of packaging programs or on any other basis. Some information on taxation matters may be provided to illustrate possible advantages, but such information is of a general nature only. You should seek your own independent professional advice on how packaging programs may impact your particular financial, taxation and welfare benefit circumstances. Maxxia may receive commissions or rebates in connection with some services it provides or arranges to be provided by third parties. By appointing and utilising Maxxia's services, you consent to its receipt of such commissions and rebates. Tax laws regarding the treatment of salary benefits may change, which could adversely impact your financial, taxation or welfare benefit decisions.

This disclaimer does not limit or alter those statutory rights that cannot be excluded.

5 Related Calvary Documents

- Salaried Remuneration Policy
- Salary Packaging Refunds Procedure

6 Definitions

- Not Applicable

7 References

- Not Applicable