

# Salary Sacrifice (Vehicles) Policy

## Section 1 - Purpose and Context

(1) This policy covers the provision of vehicles to eligible employees as part of their employment conditions. These vehicles are funded from pre-tax earnings of the employee (salary sacrificed) and are subsidised by Western Sydney University to reflect the work-related use of that vehicle.

(2) Vehicles are made available by the University to provide eligible employees with work-related transport to reflect the multi-campus nature of the University and the expectation that senior employees travel to campuses other than their "base" campus for business purposes.

(3) Vehicles are leased from a contracted fleet management agency who manages the vehicle procurement, disposal and maintenance throughout the life of the lease.

## Section 2 - Definitions

(4) The following definitions apply for the purpose of this policy:

- a. Operator - the University employee who is allocated the salary sacrifice vehicle;
- b. At fault accident - an accident where the driver of the University salary sacrificed vehicle causes the accident, or cannot identify the other party if they were the cause;
- c. Eligible Employees - are University employees that meet the criteria set out in Part A;
- d. Salary Sacrifice Vehicle - a vehicle provided by the University under this Policy.

## Section 3 - Policy Statement

### Part A - Staff Eligibility

(5) University employees eligible to obtain this benefit under the Salary Sacrifice (Vehicles) Policy are:

- a. The Division of Operations and Commercial Project Managers and technical employees on a "tool of trade" basis only when deemed an absolute necessity for the effective performance of their duties by the Vice-President, Operations and Commercial. The business/ private use of a "tool of trade" vehicle by a nominated Division of Operations and Commercial employee under this provision is restricted to travel within New South Wales only.
- b. University employees that have a pre-existing contractual entitlement to private access to a University Motor Vehicle may access Novated Lease arrangements. Staff with an existing University Motor Vehicle will continue that arrangement under the following clauses of this Policy until the conclusion of the current lease arrangements

### Part B - Changes in Lease Costs

(6) The University reserves the right to automatically adjust the basis of calculation of salary sacrifice for any changes

in government taxation policy involving Fringe Benefits Tax (FBT) or Goods and Services Tax (GST). Such changes will normally be applied from the date of legislation.

(7) Where the actual vehicle usage falls outside of the tolerance allowed on the annual estimate, the leasing company may adjust the package costs and this will be passed on to the Operator for the remainder of the lease.

## Section 4 - Procedures

### Part C - Basis of Costing

(8) The default subsidy is based on 50% business / 50% private usage.

(9) The University has adopted the following break-up of costs that will apply to all salary sacrifice vehicles:

- a. operating costs - operating costs of vehicles will be apportioned between the Operator and the University based on the default subsidy. This split recognises the substantial business use component in the work patterns of senior staff, given the multi-campus nature of the University, that travel to and from home is not business-related travel, and approximately one-third of the days of the year are non-working days (weekends, public holidays and annual leave). Operating costs consist of:
  - i. fuel (type and minimum grade as per manufacturers specification);
  - ii. maintenance;
  - iii. registration and CTP insurance;
  - iv. insurance;
  - v. lease provider fees and charges;
- b. FBT - the contribution for FBT is calculated on the most favourable rate applicable under the current tax regime; and
- c. lease cost - the lease cost of the vehicle is calculated by the lease provider based on the purchase price of the vehicle, the nominated term of the lease, the final sale value of the vehicle at the end of the lease term and the interest rate of the lease provider applicable to the University contract. The University has established a maximum threshold value for private/business vehicles to be the dollar level represented by the luxury car tax limit as defined by the [Australian Taxation Office](#), which is consistent with NSW Government Policy.

(10) Eligible Employees will be required to nominate the expected annual usage of the vehicle in km as the basis of the operating and lease costs for the vehicle. The leasing company allows a tolerance on the nominated usage and also has a tolerance on the overall usage of the University leased fleet. The leasing company monitors individual vehicle use by the km readings provided through fuel cards. Where usage falls outside of the tolerance allowed on the annual estimate, the leasing company may adjust the package costs and this will be passed on to the Operator for the remainder of the lease.

(11) The length of the vehicle lease term will normally be two to three years except in the case of an employee employed on a fixed term contract where it may be the remaining duration of their contract.

(12) Operators are not able to return the vehicle during periods of leave from the University. The Operator will continue to meet the subsidised vehicle cost during all periods of leave, regardless of the type of leave.

## **Part D - Insurance**

(13) A Salary Sacrifice Vehicles will be comprehensively insured as part of the package cost. The policy covers the vehicle

being driven by the Operator and, with the approval of the Operator, other people who have an appropriate licence. The University insurance policy has an excess for at fault accidents which may include an age or experience loading for the vehicle driver at the time of the accident.

(14) The University will meet the excess costs (including any age or experience loading applicable to the driver) for the

first at fault accident by a University Staff member in a calendar year. The Operator will be personally charged 50% of the excess (including any loadings) for a second at fault accident in a calendar year and 100% of the excess (including any loadings) for any subsequent at fault accidents in a calendar year.

## **Part E - Choice of Motor Vehicles**

(15) Eligible Employees may access the range of vehicles approved by the University to be offered by the University's approved lease provider however, vehicles which exceed the luxury car tax threshold, are V8 powered, are regarded as high

performance vehicles (e.g. V6 petrol turbo) or are commercial vehicles over 1 tonne capacity will not be provided.

(16) Vehicles are purchased at either NSW State Government contract pricing, or under fleet discount pricing applicable to the University or the leasing provider where this is available. This may require the vehicle to be purchased

from a specific dealership.

(17) "Tool of Trade" vehicles are limited to University selected base model vehicles with carrying capacity of greater than one tonne.

### **Optional Extras**

(18) Eligible Employees may select a limited range of University approved, dealer supplied options that do not significantly increase the capital cost of the vehicle.

(19) Options are costed to the employee's package as part of the overall lease payment.

## **Part F - Equity in Vehicles**

(20) The leasing provider retains equity in all vehicles. Disposal or change-over of vehicles must be arranged through the

leasing provider in conjunction with the University's Procurement Services.

## **Part G - Operator Responsibilities**

(21) The Operator is deemed to be in control of the vehicle as a default position. The Operator is responsible for:

- a. ensuring only appropriately licensed drivers are given access to the vehicle;
- b. ensuring the vehicle is operated on a 'non-smoking' in vehicle basis;
- c. paying all fines (driving and parking) incurred unless they can identify the actual driver in the case of the vehicle being used by another person;
- d. only using the University issued fuel card and the minimum fuel grade as per the University's specification;

- e. ensuring that the vehicle is maintained in a clean and tidy state and serviced in accordance with the recommended manufacturer schedule through the leasing provider's arrangements. Car cleaning costs are not to be charged to the University – refer to the University [Personal and Discretionary Expenditure Policy](#);
- f. reporting any damage to or accidents to the University's nominated Claims Manager; and
- g. ensuring compliance with all applicable legislation by all drivers including non-University employees using vehicle. Action may be taken to restrict use by non-University employees for serious breaches of law such as road rage incidents.

(22) Operators are to keep the vehicle in a condition which reflects the standards of the University and are responsible for arranging the routine maintenance and servicing of the vehicle under the contractual arrangements provided by the leasing provider.

(23) Employees who do not follow the requirements of this policy and its procedures in relation to their responsibilities may be subject to disciplinary proceedings in accordance with the relevant staff agreements.

(24) Eligible employees who opt for a salary sacrifice vehicle are ineligible for the use of a pool vehicle or for claiming reimbursement for private vehicle usage.

## **Part H - Initiating Access to a Salary Sacrificed Vehicle**

(25) All procurement (and disposal) requests involving salary sacrifice vehicles must be made using the V2 Form and are required to be authorised by the appropriate delegate.

(26) The Procurement Services will advise the Office for People of the salary sacrifice amount based upon the Vehicle Schedule value and the costs of options added..

## **Part I - Costing of Subsidy**

(27) The default position for the vehicle subsidy provided by the University is 50% of the operating and lease costs. This reflects the multi-campus nature of the University and the expectation that Eligible Employees travel to campuses other than their "base" campus for business purposes.

(28) Where an Eligible Employee has a business use that is significantly greater than 50%, they should contact the Procurement Services to determine if a logbook could be completed to justify an alternative subsidy level. 80% business usage is the maximum level that would be considered for subsidy by the University.

## **Part J - Abnormal Wear and Tear and/or Damage**

(29) Operators are responsible for promptly reporting accidents involving the vehicle, as well as any damage to the vehicle to the University Claims Manager.

(30) Where an employee does not comply with these responsibilities and, as a result, the University is forced to incur repair costs or suffer abnormal loss on disposal, the employee will be held responsible for the costs or loss.

(31) Abnormal wear and tear will be established by reference to the Australian Fleet Lessor's Association Guide to Fair Wear and Tear available at [www.afla.com.au](http://www.afla.com.au). Any additional cost involved will be recovered fully over a subsequent 12 month period.

# Section 5 - Guidelines

(32) Nil.

## Status and Details

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