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<b>Version</b>	1.1
<b>Short description</b>	A policy Avondale staff eligibility for salary sacrificing for a motor vehicle
<b>Relevant to</b>	All eligible employees
<b>Authority</b>	Council
<b>Policy owner</b>	Chief Financial & Operational Officer
<b>Responsible office</b>	Office of the Chief Financial & Operational Officer
<b>Date approved</b>	21 October 2014
<b>Date effective</b>	21 October 2014
<b>Review due</b>	October, 2017
<b>Related Avondale documents</b>	
<b>Related legislation</b>	
<b>Key words</b>	Motor Vehicle Policy

## 1. PURPOSE

- 1.1 This document sets out Avondale University's policy on salary sacrificing for a motor vehicle.

## 2. SCOPE

- 2.1 This policy applies only to permanent full time and part time employees.

## 3. DEFINITIONS

- 3.1 **Avondale** – Avondale University Limited
- 3.2 **Approved Lease Company List** – the current list of approved lease companies is
- David Savage and Associates
  - Toyota Fleet Management Services.
  - Lease Plan – this offer is being phased out and no new plans can be entered into.
  - SAN Foundation – this offer is being phased out and no new plans can be entered into.
- 3.3 **FBT Interest Rate** – This is the Statutory/benchmark interest rate set for each FBT year by the Australian Taxation Office and published each year. The 31 March 2015 rate is 5.95%. (TD 2014/5)
- 3.4 **Novated Finance Lease** – This lease covers the Finance Components of the lease arrangement, and the employee is personally responsible for all of the operating costs of the vehicle. This package is offered by David Savage and Associates.
- 3.5 **Novated Operating Lease** – This lease covers the finance component and all the other operating costs of the vehicle. This package is offered by Toyota Fleet Management Services.
- 3.6 **Operating costs** – The operating costs include, but are not limited to, servicing, repairs, replacement of tyres, registration, Compulsory Third Party cover, Comprehensive, insurance cover, fuel, excess on insurance claims and retro fitted accessories and any other cost associated with the operation of the vehicle.

## 4. POLICY

- 4.1 Only full time and part time employees are eligible to enter an arrangement whereby they can salary sacrifice a portion of their salary for the lease of a motor vehicle.
- 4.2 An eligible employee may only salary sacrifice up to 50% of their salary on all salary sacrifice arrangements regardless of their nature.
- 4.3 An eligible employee may only salary sacrifice for a lease vehicle from a company on the approved lease company list as amended from time to time by Avondale.
- 4.4 An eligible employee may only salary sacrifice a maximum of three vehicles concurrently, provided the combination of the amount salary sacrificed does not exceed the 50% rule as defined in paragraph 4.2.

- 4.5 The maximum period for leasing a vehicle is 5 years; however, Toyota Fleet Management Services may allow a vehicle to be leased for up to 7 years on a case-by-case basis.
- 4.6 The Lease companies may allow second hand vehicles; however, the employee will need to discuss their proposed second-hand vehicle with the lease company and each vehicle will be assessed on a case-by-case basis.
- 4.7 The only lease vehicle arrangements on offer are Novated Leases which means that the employee is ultimately responsible for the financing of the vehicle and should their employment with Avondale cease, the financing of the vehicle is transferred to the employee and any outstanding amounts owed to Avondale are to be settled out of the employee's entitlements at time employment is ceased.
- 4.8 The employee is responsible for all operating costs associated with the provision of a motor vehicle including any Fringe Benefits Tax applicable on the use of the motor vehicle and interest charged on late payments.
- 4.9 Where applicable, the employee is responsible for all penalties arising out of a lease agreement. These penalties may include, but are not limited to, charges for excessive wear and tear and charges for excess kilometres travelled or any other penalty as allowed for by the specific lease agreement. Where these charges cannot be covered by salary sacrificing, due to an employee not being able to salary sacrifice for a retrospective expense, the employee agrees that these expenses are to be covered by a post-tax salary deduction.
- 4.10 Where the vehicle is registered in the name of Avondale University Limited, the employee must lodge a copy of their current licence with the Business Office to be kept on file. The employee is also required to advise Avondale as soon as possible if they lose their driver's licence due to a conviction or exceeding the allowable number of demerit points and are required to cease driving the vehicle immediately until fully licenced again.
- 4.11 The employee is personally responsible for all traffic fines and must provide details of their driver's licence to Avondale so that we can complete the declaration required to have the fine transferred to the employee.
- 4.12 Where an employee has a personal expense for their vehicle charged to their personal account, these expenses must be settled within 30 days either by a cash payment to Avondale or via a deduction from their salary. Where an employee does not settle their Personal Account within the 30 days, interest will be charged at the FBT interest rate for the amount outstanding. The only types of personal expenses that can be charged to a personal account are charges to a fuel card/(s) issued by Avondale to the employee, Comprehensive Motor Vehicle Insurance charged to Avondale by Risk Management Services, residual charges when terminating a lease and Fringe Benefits Tax calculated by Avondale.
- 4.13 Where an employee does not settle their Personal Account within 30 days for fuel charges, Avondale reserves the right to cancel their fuel card/(s).
- 4.14 All employees must seek approval from the Vice President (Finance Infrastructure and Risk) prior to entering a salary sacrifice arrangement.

## **5. APPENDICES or RELATED DOCUMENTS**

- Important information Regarding Fringe Benefit Tax
- Toyota Fleet Management Lease Novation Document

*Motor Vehicle Policy*  
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- Toyota Fleet Management Novated Lease Guide
- Toyota Fleet Management What's New Novated Online
- David Savage and Associates – Novated Lease Agreement
- David Savage and Associates - Macquarie Finance Lease Agreement

### Table of amendments

<b>Version Number</b>	1.1	<b>Replaces Version</b>	1.0
<b>Implementation Date</b>	21 October 2014	<b>Scheduled Review Date</b>	October 2017
<b>Approving Body</b>	Avondale University Council	<b>Approval Date</b>	21 October 2014
<b>Policy Owner</b>	Chief Financial & Operations Officer	<b>Date first introduced</b>	21 October 2014
<b>Short description of amendment</b>	<i>April 2023: updated branding, nomenclature and position titles, as relevant.</i>		