

**REGISTER OF
ENTERPRISE AGREEMENTS**

ENTERPRISE AGREEMENT NO: EA02/361

TITLE: The Kempsey Women and Children's Service Inc Remuneration Packaging Agreement 2002

I.R.C. NO: IRC2/6058

DATE APPROVED/COMMENCEMENT: 13 November 2002

TERM: 12 months (13 November 2003)

**NEW AGREEMENT OR
VARIATION:** New

GAZETTAL REFERENCE: 24 January 2003

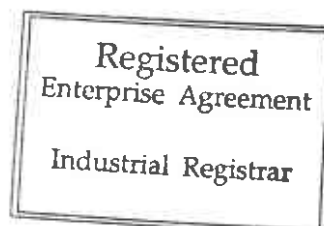
DATE TERMINATED:

NUMBER OF PAGES: 5

COVERAGE/DESCRIPTION OF

EMPLOYEES: Applies to all full-time and part-time employees of Kempsey Women and Children's Service Inc. who fall within the coverage of the Social and Community Services Employees (State) Award and Clerical and Administrative Employees (State) Award

PARTIES: Kempsey Women and Children's Service Inc -&- Wendy Anders, Yvonne Dullighan Davis, Patricia Elbourne, Karen Glatz, Jodie Hobson, Robyn Sealy, Marilyn Searle, Amy Thompson, Cheryle Zarafa





REMUNERATION PACKAGING GUIDELINES

1. Introduction

Remuneration packaging has been approved for eligible employees by the Management Committee of Kempsey Women and Children's Service Inc. remuneration packaging provides a flexible remuneration option for eligible employees whereby a set proportion of salary can be packaged as fringe benefits (non-cash) Benefits

Remuneration packaging is being introduced to provide a more flexible remuneration arrangement providing benefits to Kempsey Women and Children's Service Inc. employees

These guidelines have been provided to inform you about the operation of remuneration packaging within Kempsey Women and Children's Service Inc. and to outline the potential benefits to you of the system.

2. What Does Remuneration Packaging Mean?

As a starting point it is useful to explain what is meant by remuneration packaging and other associated terminology.

(a) **Remuneration Packaging** is a term given to a flexible approach to remuneration for employees. Remuneration packaging typically involves the payment of a core financial benefit. This can provide a more attractive remuneration package option for employees permitting greater flexibility to match fringe benefits to suit their individual needs.

(b) **Fringe benefits** are declared by the Australian Taxation office (ATO) to include any right, privilege, service or facility (personal benefit) provided to the employee other than in the way of wages.

For most organizations, fringe benefits provided to employees through remuneration packaging would be subject to Fringe Benefit Tax (FBT) under the Fringe Benefit Tax Assessment Act 1986. However, Kempsey Women and Children's Service Inc. has the status of Public Benevolent Institution (PBI), in that the organization was established to provide for the relief of poverty, sickness, destitution or helplessness. As Such, Kempsey Women and Children's Service Inc. is exempt from the payment of the fringe benefit to their employees.

(c) **Salary Sacrifice** refers to non-cash (fringe benefits) component of the salary that is packaged to pay employee's personal expenses. Kempsey Women and Children's Service Inc. PBI status means that the salary sacrifice component would not be subject to either FBT nor income Tax.



3. Kempsey Women and Children's Service Inc - Policy
Kempsey Women and Children's Service Ltd. will utilise its fringe benefit tax exempt status to provide remuneration packaging for eligible employees.

- Up to the Maximum limit allowable under current Fringe Benefit Tax legislation (currently set at \$30,000 grossed up) of salary may be packaged as fringe (non-cash) benefit.
- Kempsey Women and Children's Service Inc. reserves the right to vary the proportion of the fringe benefit component of salaries.
- Eligible employees are currently full-time and part-time employees at Kempsey Women and Children's Service Inc. covered by the Social and Community Services Employees (State) award, the Clerical and Administrative employees (state) Award under the Kempsey Women and Children's Service Inc Enterprise Agreement. Remuneration Packaging is not available for Casual employees.
- Remuneration packaging is optional.
- Kempsey Women and Children's Inc. reserves the right to review, alter or discontinue remuneration packaging in the event of changes in relevant taxation or other legislation
- In the event that Kempsey Women and Children's Service Inc. ceases to attract fringe benefit Tax exemption, all remuneration packaging arrangements will be terminated and individual employee's rates will be reverted to the salary payable for their classification under table 1 of Part B of the Parent award.

4. How will Remuneration Packaging Work?

Remuneration packaging provides benefits to you as an employee, in that you get higher net income.

Current Salary levels are based on Table 1 of the Social and Community Services Employees (State) Award. Clerical and Administrative Employees (State) Award. If you accept this offer of remuneration packaging you package breakdown will be as follows.

- Up to \$30,000.00 grossed up of your salary will be packaged as fringe benefits (the fringe benefit component of salary).
- The remaining portion of your salary will continue to be paid as cash, (the salary component of salary). This will be paid on a fortnightly basis, and pay as you go (PAYG) tax deducted.

Together, the fringe benefit component and the cash component make up your total remuneration package.

Remuneration Packaging will effectively reduce the amount of your taxable income.

Kempsey Women and Children's Service Inc. will provide you with an example of remuneration packaging using your current salary level to illustrate to you the potential benefit of remuneration packaging

5. Taxation

Concern may be raised about the legitimacy of remuneration packaging, and whether this could be viewed as some sort of tax dodge or tax avoidance.

It is important to make the distinction between Fringe Benefit Tax exemption and tax evasion or tax avoidance.

Tax evasion involves arrangements outside of the law where liability to tax is willfully concealed or ignored

Tax avoidance, broadly speaking, involves arrangements within the law, which take the taxpayer outside the scope of particular legislation. It interprets the letter rather than the spirit of the law.

The **Tax exemption** status of PBI's means that exempt benefits provided within remuneration packages are not only exempt from fringe benefit tax., they are also exempt from income tax. As such, they are a legitimate arrangement and are within the Australian Taxation office guidelines. The exemption has been provided by the federal government to assist PBI institutions in providing a valuable service to the community.

NB: If the taxation structure should change, Kempsey Women and Children's Service Inc. guarantee to maintain the value of the fringe benefit component of your remuneration package.

6. Fringe benefit

Any item that constitutes a fringe benefit under income Tax Assessment Act 1936 and Fringe Benefit Tax Assessment Act 1986 will be permissible. The payment or any personal expenses incurred by you can be considered as a fringe benefit.

The type of personal expenses that might be covered include, but are by no means limited to, items such as:

- Cost of accommodation and related expenses (mortgage, rent, rates, maintenance etc.);
- Costs of personal motor vehicle (Loan repayments, replacement fund contributions);
- Education expenses;
- Child Care or aged care fee in respect of family members;
- Home insurance;
- Insurance e.g. medical , life, house and contents, vehicle
- Household goods;
- Private Superannuation contributions.

Any personal expense items claimed should be principle applicable to, or be the direct responsibility of the employee.

7. Superannuation

There are two types of superannuation that can apply to your remuneration package.

Firstly Kempsey Women and Children's Service inc. makes contributions to HESTA Superfund at the rate provided for by the Superannuation Guarantee (administration) Act. (Currently 8% of ordinary earnings). Employer contributions are scheduled to increase to 9% in 2002/3.

Kempsey Women and Children's Service Inc. will maintain the superannuation Guarantee of employer superannuation contributions based on your award salary levels, not the total remuneration package., nor the cash component of your salary after packaging.

Secondly, you may also make personal employees contributions to superannuation from your fringe benefit component of salary. These contributions will be subject to a government tax.

8. Worker's Compensation

Kempsey Women and Children's Service Inc. will maintain Workers compensation Insurance premium payment level based on your Award salary Levels. not the total remuneration package, nor the cash component of your salary after packaging. If an employee is in receipt of payments in regard to condensible injury then payment will be based on award salary levels. Not the total remuneration package, nor the cash component of your salary after packaging

9. Administration

Acceptance of Remuneration packaging.

If you wish to take advantage of remuneration packaging (or if you want to make any changes to the percentage of salary sacrifice you have previously nominated) you will need to contact the Manager, Wendy Anders. To make any changes to the configuration of you package, you will need to give one months notice in writing to the Management Committee.

You will be provided with a letter detailing your remuneration package and you will be asked to sign a copy of this letter indicating your acceptance of the arrangement.

Once this has been confirmed appropriate arrangements will be made with administration.

Fringe benefit payment procedure

In the interest of minimizing administration and reducing costs we are seeking to simplify any payments made on your behalf.



Kempsey Women and Children's Service Inc. will provide you with up to three cheques/direct deposits fortnightly in arrears made out to the regular, recurring payees you nominate.

10 Ceasing arrangements

If at any time you chose to cease arrangements for remuneration packaging you must provide at least one months written notice to the management committee. This would mean your remuneration package would revert to your gross salary figure under Table 1 of Part B of the Parent award. plus superannuation guarantee payments, plus annual leave loading.

On termination of employment this agreement will cease to apply to you. Any outstanding entitlements such as accrued leave will be paid to you at the salary rates under table 1 Part B of the parent award and taxed at the standard taxation rates. This means that any entitlements paid on termination will not be packaged.

If Kempsey Women and Children's Service inc. should lose it's PBI status, all remuneration packaging arrangements will cease. In this eventuality Kempsey Women and Children's Service Inc. will give you one months written notice.

11. Financial Advice

It is most important that you fully understand the procedures and conditions applying to remuneration packaging. Please make sure that you have read this guide thoroughly.

Kempsey Women and Children's Service Inc. strongly suggest that you obtain independent financial advice. We require notification from you in writing, that you have reviewed your financial obligations and that your agreed cash component after remuneration packaging is sufficient for your ongoing living expenses. This must be received by the management committee before your personal remuneration packaging will commence.

If you have any further questions, please contact the Manager, Wendy Anders on 65628411-0419695898.

Kempsey Women and Children's Service Remuneration Package



Employee Name:

Service:

For the period: to

NB: the fringe benefits year begins 1/4/02 and ends on 31/3/03

In accordance with Clause 9 of the Kempsey Women and Children's Service Inc. Remuneration Packaging Guidelines, a maximum of three cheques or direct deposits* will be drawn in arrears on a fortnightly basis to regular payee nominated.

Nominated Payees:

Fringe Benefit Type (c.g. Mortgage, credit card, Superannuation)	Payee	Amount (\$)*	Account number (For Direct Deposits)**

In accordance with Kempsey Women and Children's Service Inc. Remuneration Packaging Agreement 2002 and Guidelines up to \$30,000.00 grossed Up (\$15450.net) of your salary may be packaged as a fringe benefit, within fringe benefit Tax Year 1st April – 31st March

** Direct Deposits may only be made to accounts with Commonwealth Bank

Documentation of Payees must accompany this form when submitting, to ensure the fringe benefit component of wage is paid to a bona fide third party.

To cease or change salary packaging arrangements, at least one (1) months written notice must be given to the Management Committee.

The information provided in this form will be utilised by administration to develop your remuneration package. You will be provided with a letter detailing your remuneration package and you will be asked to sign a copy of this letter indicating your acceptance of the arrangements.

Signed

Date

Office use only

Documentation of payee sighted:	Manager Initials
Payees entered into admin>	Payroll clerk initials
Remuneration Package details supplied to employee:	Manager Initials



Acceptance of Remuneration Package

Name:.....

Service:.....

For Period:..... to.....

NB: The fringe benefit year begins 1/4/02 and ends 31/3/03

Remuneration Package

	FRINGE BENEFIT COMPONENT	CASH COMPONENT	PAYG TAX PAYABLE	TOTAL NET WAGE
FORTNIGHTLY	\$	\$	\$	\$
ANNUALLY	\$	\$	\$	\$

(Figures are provided, based on information provided by the employee)

I, Declare that I have reviewed my financial obligations and that my agreed cash component after remuneration packaging is sufficient for my ongoing living expenses.

I accept the terms of the Remuneration Package.

Signed:.....

Date:.....

Admin Office Use Only
Remuneration Package form received:
Copy supplied to employee:

Example Only



ANNEXURE

FRINGE BENEFITS

Pursuant to clause 4 of the Employment Contract, The following fringe benefit payments will be made to a bona fide third party as and when requested by the employee but so that the amount paid annually will not exceed the amount, which gives the weekly average set opposite each items.

<u>ITEM</u>	<u>WEEKLY AVERAGE</u>
Credit Card	\$295.00 per week
TOTAL FRINGE BENEFITS:	\$295.00 PER WEEK

The items to be paid to third parties and, the weekly average allocated to such items may by agreement between the parties be varied from time to time provided, that the total weekly average of fringe benefits paid on behalf of the employee does not exceed the total set out above and that applicable under legislation. In the event of there being any increase in the total remuneration payable to the employee during the currency of this arrangement, the employee may by agreement with the employer vary the above items and rates so as to take account of such increase or any part thereof.

The period of this arrangement shall be for the period of the employment contract but may be renewed on an annual basis.

Dated this

EMPLOYER.....
(Signature)

EMPLOYEE.....
(Signature)

**KEMPSEYWOMEN AND CHILDREN'S SERVICE INC.
RENUMERATION PACKAGING AGREEMENT 2002**

1. Title

This agreement shall be known as:

The Kempsey Women and Children's Service Inc Remuneration Packaging Agreement 2002.

2. Index

<u>Clause</u>	<u>Subject</u>
1.	Title
2.	Index
3.	Scope and Application
4.	Date of Operation
5.	Relationship to parenting Award
6.	Remuneration Packaging
7.	Grievance and Dispute Settling Procedures
8.	Leave reserved
9.	Declaration and Signatories.

Registered
Enterprise Agreement
Industrial Registrar

3. Scope and Application

This agreement shall be binding upon Kempsey Women and Children's Service Inc and the full-time and part time employees of Kempsey Women and Children's Service

4. Date of Operation

This agreement shall operate from the beginning of the first pay period to commence on or after date of certification of this agreement and shall operate for one year.

5. Relationship to Parent Award

The parent Awards are:

- The Social and Community Services Employee's (State) Award
- The Clerical and Administrative Employee's Award

The terms and conditions of this agreement shall be read and interpreted in conjunction with all clauses of the above awards. In the event of any inconsistency, this agreement shall prevail to the extent of the inconsistency.

6. Remuneration Package

6.1 Where agreed between the employer and the employee and a full time or part time employee, an employer may introduce remuneration packaging in respect to salary as outlined in the listed sub clauses of the parent Awards

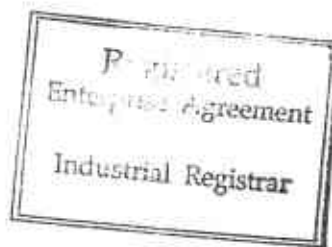
- a. The Social And Community Services (State) Award – Clause 21 and Table 1, part B
- b. Clerical and Administrative Employee's (State) Award – Clause 11, Table 1, part B

The effect of remuneration packaging shall be that it replaces the entitlements of an employee under the provision of Table 1 of the Parent Award.



This shall mean that an employer will have part of their salary packaged as fringe benefit which does not constitute a direct payment to the employee's but is payable to a bona fide third party. The terms and conditions of such a package shall not, when viewed objectively, be less favorable than the entitlements otherwise available under the parent award and shall be subject to the following provisions:

- (i) the employer shall ensure that the structure of any agreed package complies with taxation and other relevant laws;
- (ii) the employer shall confirm in writing to the employee the classification level and current salary payable as applicable to the employee under Table 1 of Part B of the Parent Award;
- (iii) the employer shall advise the employee, in writing, of his/her right to choose payment of the salary referred to in paragraph (ii) above instead of a remuneration package;
- (iv) the employer shall advise the employee, in writing, that all Award and employment contract conditions, other than the salary shall continue to apply;
- (v) the employee may package up to the maximum limit allowable under current Fringe Benefits Tax legislation (currently \$30,000.00 grossed up) of the applicable salary described in Table 1 of Part B of the Parent Award into a non-salary fringe benefit;
- (vi) the employee shall advise the employer, in writing, that the agreed cash component is adequate for his/her ongoing living expenses;
- (vii) where undue pressure or duress is placed on a party to enter into such a package it will be open to either party to seek relief in accordance with clause 47 of the Social and Community Services (SACS) Employees (State) Award, Clause 41 of the Clerical and Administrative Employees (State) Award
- (viii) a copy of the Agreement shall be made available to the employee;
- (ix) the employee shall be entitled to inspect details of the payments and transactions made under the terms of this agreement and for this purpose, where such details are maintained electronically, the employee shall be provided with a print out of the relevant information;
- (x) the configuration of the remuneration package shall remain in force for the period agreed between the employee and the employer;
- (xi) in the event that the employer ceases to attract exemption from payment of Fringe Benefits Tax, all salary packaging arrangements shall be terminated and individual employees' wages will revert to those specified in table 1 of part B of the Parent Award;
- (xii) notwithstanding any of the above arrangements, the employee may cancel any salary packaging arrangements by the giving of one month's notice of cancellation to the employer;



Annexure (1)

- (xiii) in the event that the employee ceases to be employed by the employer this agreement will cease to apply as at the date of termination and all leave entitlements due on termination shall be paid at the rates in accordance with the Parent Award and/or contractual arrangements. Any outstanding benefit still due under this agreement upon termination shall be paid on or before the date of termination;
- (xiv) the calculation of entitlements concerning in service paid leave including annual, sick and long service leave, occupational superannuation and annual leave loading will be based on the value of the employee's total wage as outlined in Table 1 of Part B of the Parent Award;
- (xv) In the event of a worker's compensation claim the employee's salary package may be suspended for the duration of the claim. The claim will be based on the agreed value of the employee's total wage as outlined in the sub clause listed at 6.1 of the Parent Award
- (xvi) any wage increases which are granted to employees under the Parent Award shall also apply to employees covered by this Agreement;
- (xvii) the employee may consult with a representative of any relevant trade union before signing a remuneration package Agreement as described in sub clause 6.1.

7. Grievance and Dispute Settling Procedures

Where a dispute or grievance arises out of the operation of this Agreement it shall be dealt with in accordance with clause 47 of the Social and Community Services (SACS) Employees (State) Award, Clause 41 of the Clerical and Administrative Employees (State) Award.

8. Leave Reserved

Leave is reserved to the parties to this agreement to discuss and introduce further agreed changes within the organisation which will enhance the efficiency and effectiveness of the organisation or enhance the conditions of employment of employees

Where agreement has been reached between the parties on these matters the agreed arrangements will be housed in a document which will form a supplementary agreement to this Agreement. This supplementary agreement shall be submitted for certification in the Industrial Relations Commission of New South Wales in accordance with the New South Wales Industrial Relations Act 1996.

Provided that this Agreement may further be varied by reference to and in accordance with the powers of the Industrial Relations Commission of New South Wales.



Annexure (1)

9. Declaration and Signatories

This agreement has been negotiated through extensive consultation between management and the employees. The content of the agreement has been canvassed with all parties. All parties are entering into this Agreement with full knowledge as to the content and effect of the document.

The parties declare that this Agreement:

- Is not contrary to public interest
- Is not unfair, harsh or unreasonable:
- Was at no stage entered into under duress, and:
- Reflects the interest and desires of the parties.

Employer

THE COMMON SEAL OF Kemspey Women and Children's Service Inc.
Was hereto duly affixed

In the presence of

Marilyn L Wraymore
Signature of Management Committee Member

23.10.02
Date

Patricia A. Brown
Signature of Management Committee Member

23-10-02
Date

Employees

WENDY ANDERS
Name Signature W Anders Date 22.10.02

MARILYN SEARLE
Name Signature [Signature] Date 22.10.02

Karen Gilatz
Name Signature [Signature] Date 22.10.02

Jodi Hobson
Name Signature J. Hobson Date 22.10.02

YVONNE DUBLINHAN-DAVIS
Name Signature [Signature] Date 23-10-02

Amy Thompson
Name Signature [Signature] Date 23-10-02

[Signature]
Name Signature [Signature] Date 22-10-02

Name

Signature

Annexure (1)

Date

PATRICIA ELBOURNE

Name

Patricia Elbourne

Signature

23-10-02

Date

Robin Sealey

Name

Robin Sealey

Signature

23-10-02

Date

Name

Signature

Date

Witness

Signature

Date

Full name and address of Witness

Registered
Enterprise Agreement
Industrial Registrar