

**REGISTER OF
ENTERPRISE AGREEMENTS**

ENTERPRISE AGREEMENT NO: EA01/171

TITLE: Chester Hill Neighbourhood Centre Inc Remuneration Packaging Agreement 2001

I.R.C. NO: 2001/2366

DATE APPROVED/COMMENCEMENT: 18 April 2001

TERM: 12 months

**NEW AGREEMENT OR
VARIATION: New**

GAZETTAL REFERENCE: 8 June 2001

DATE TERMINATED:

NUMBER OF PAGES: 10

COVERAGE/DESCRIPTION OF EMPLOYEES: Applies to all full-time and part-time (over 20 hours per week) employees of Chester Hill Neighbourhood Centre Inc.

PARTIES: Chester Hill Neighbourhood Centre Inc -&- Amelita Cabigao, Trena Joy Clarke, Dale Donadel, Anna Ferreri, Stephen Joseph Peak, Leelakanthi Vilathgamuwa, Sinagogo Winterstein



**CHESTER HILL NEIGHBOURHOOD CENTRE INC
REMUNERATION PACKAGING AGREEMENT 2001**

1. Title

This agreement shall be known as the Chester Hill Neighbourhood Centre Inc Remuneration Packaging Agreement 2001.

2. Index

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3. Scope and Application

This Agreement shall be binding upon Chester Hill Neighbourhood Centre Inc and the full-time and part-time (over 20 hours per week) employees of Chester Hill Neighbourhood Centre Inc

4. Date of Operation

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

5. Relationship to Parent Award

The Parent Awards are;

- The Social and Community Services (SACS) Employees (State) Award
- Miscellaneous Workers Kindergartens & Child Care Centres (State) 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 Packaging

6.1 Where agreed between the employer and a full-time or part-time employee, the employer may introduce remuneration packaging in respect of salary as outlined in Clause 10 and Table 1 of part B of the Social and Community Services Award & Clause 9 Tables 1,2,3,4 of Part B of the Miscellaneous Kindergarten Child Care Centre Award. The effect of remuneration packaging shall be that it replaces the entitlements of an employee under the provisions Clause 10 and Part B table 1 of the Social and Community Services (SACS) Employees (State) Award or Clause 9 Tables 1,2,3,4, of Part B of the Miscellaneous Kindergarten & Child Care Centres Award. This shall mean that an employee will have part of their salary packaged as a fringe benefit which does not constitute a direct payment to the employee but is payable to a bona fide third party. The terms and conditions of such a package shall not, when viewed objectively, be less favourable than the entitlements otherwise available under this 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;

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- (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 SACS award or Tables 1,2,3,4 Part B of the Miscellaneous Kindergarten & Child Care Centres 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 Social and Community Services award, or Tables 1,2,3,4, Part B of the Miscellaneous Kindergarten & Child Care Centres 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 34 of the Social and Community Services (SACS) Employees (State) Award or clause 31 of the Miscellaneous Kindergarten & Child Care Centres 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 SACS award or Tables 1,2,3,4, Part B of the Miscellaneous Kindergarten & Child Care Centres Award.
- (xii) notwithstanding any of the above arrangements, the employee may cancel any salary packaging arrangements by the giving of one months' notice of cancellation to the employer;
- (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 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 clause 10 and Table 1 of Part B of the SACS award or Clause 9 Tables 1,2,3,4, of Part B of Miscellaneous Kindergartens & Child Care Centres Award
- (xv) Where an employee is in receipt of payments in regard to a compensable injury under the relevant Workers Compensation legislation then payment the employee shall receive, shall be calculated based upon the value of the employee's total wage as outlined in Clause 10 and Part B table 1 of the Social and Community Services (SACS) Employees (State) Award or Clause 9 Tables 1,2,3,4 of Part B of the Miscellaneous Kindergartens & Child Care Centres (State) Award

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- (xv) any wage increases which are granted to employees under the Parent Award shall also apply to employees covered by this Agreement;
- (xvi) 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 of this agreement.

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 34 of the Social and Community Services (SACS) Employees (State) or clause 31 of the Miscellaneous Kindergarten and Child Care Centres (State) Award.

8. Anti-discrimination

It is the intention of the parties to this agreement to seek to achieve the objective in sec. 3(f) of the *Industrial Relations Act 1996* to prevent and eliminate discrimination in the workplace. This includes discrimination on the grounds of race, sex, marital status, disability, homosexuality, transgender identity and age.

It follows that in fulfilling their obligations under clause 7 (grievance and dispute settling procedures) set out in this agreement, the parties have obligations to take all reasonable steps to ensure that the operations of the provisions of this agreement are not directly or indirectly discriminatory in their effects. It will be consistent with the fulfilment of these obligations for the parties to make application to vary any provision of the agreement which, by its terms or operation, has a direct or indirect discriminatory effect.

Under the *Anti-discrimination Act 1977*, it is unlawful to victimise an employee because the employee has made or may make or has been involved in a complaint of unlawful discrimination or harassment.

Nothing in this clause is to be taken to affect:

- Any conduct or act which is specifically exempted from anti-discrimination legislation;
- Offering or providing junior rates of pay to persons under 21 years of age;
- Any act or practice of a body established to propagate religion which is exempted under sec. 56(d) of the *Anti-discrimination Act 1977*.
- A party to this agreement from pursuing matters of unlawful discrimination in any State or federal jurisdiction

This clause does not create legal rights or obligations in addition to those imposed upon the parties by the legislation referred to in this clause.

9. 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.



10. 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 interests and desires of the parties.

SIGNED FOR AND ON BEHALF OF CHESTER HILL NEIGHBOURHOOD CENTRE INC.

J. Milley DATED 9-3-2001

IN THE PRESENCE OF: L. J. Tomms DATED 9-3-2001

Signed by the employees of CHESTER HILL NEIGHBOURHOOD CENTRE INC.

Dale Donadel 9-3-01 L. J. Tomms
Dale Donadel date Witness

Leelakanthi Vilathgamuwa 9-3-01 L. J. Tomms
Leelakanthi Vilathgamuwa date Witness

Trena Clark 9/3/01 L. J. Tomms
Trena Clark date Witness

Amelita Cabigao 9-3-01 L. J. Tomms
Amelita Cabigao date Witness

Anna Ferreri 9-3-01 L. J. Tomms
Anna Ferreri date Witness

Stephen Peak 9-3-01 L. J. Tomms
Stephen Peak date Witness

Sinagogo Winterstein 9/3/01 L. J. Tomms
Sinagogo Winterstein date Witness



REMUNERATION PACKAGING GUIDELINES

1. Introduction

Remuneration packaging has been approved for eligible staff by Chester Hill Neighbourhood Centre Inc Committee of Management. Remuneration packaging provides a flexible remuneration option for eligible staff whereby a set proportion of salary can be packaged as fringe (non-cash) benefits.

Remuneration packaging is being introduced to provide a more flexible remuneration arrangement providing benefits to Chester Hill Neighbourhood Centre Inc staff.

These guidelines have been provided to inform you about the operation of remuneration packaging within Chester Hill Neighbourhood Centre 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 with a variable proportion of the total remuneration package to be given in fringe benefits. 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 an employee other than in the way of wages.

For most organisations, fringe benefits provided to employees through remuneration packaging would be subject to Fringe Benefits Tax (FBT) under the Fringe Benefit Tax Assessment Act 1986. However, Chester Hill Neighbourhood Centre Inc has the status of Public Benevolent Institution (PBI), in that the organisation was established to provide for the relief of poverty, sickness, destitution or helplessness. As such, Chester Hill Neighbourhood Centre Inc is exempt from the payment of the fringe benefits tax on any legitimate fringe benefits to their employees.

- (c) **Salary sacrifice** refers to the non-cash (fringe benefits) component of the salary that is packaged to pay staff members' personal expenses. Chester Hill Neighbourhood Centre's PBI status means that the salary sacrifice component would not be subject to either FBT nor income tax.



2. Chester Hill Neighbourhood Centre Inc Policy

Chester Hill Neighbourhood Centre Inc will utilise it's fringe benefit tax exempt status to provide remuneration packaging for eligible staff.

- Up to the maximum limit allowable under current fringe benefits tax legislation (currently set at \$30,000 grossed up) of salary may be packaged as fringe (non-cash) benefits.
- Chester Hill Neighbourhood Centre Inc will reserve the right to vary the proportion of the fringe benefits component of salaries.
- Eligible staff are currently full-time and part-time staff (min 20hours per week) at Chester Hill Neighbourhood Centre under the Social and Community Services (SACS) Employees (State) Award and Miscellaneous Workers Kindergarten & Child Care Centres (State) Award. Award provisions do not contain remuneration packaging. Remuneration packaging is not available for casual employees.
- Remuneration packaging will be optional.
- Chester Hill Neighbourhood Centre 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 Chester Hill Neighbourhood Centre Inc ceases to attract fringe benefits tax exemption, all remuneration packaging arrangements will be terminated and individual employees rates will revert to the salary payable for their classifications under the SACS and Miscellaneous Kindergarten and Child Care Centre (State) Awards

3. How will remuneration packaging work?

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

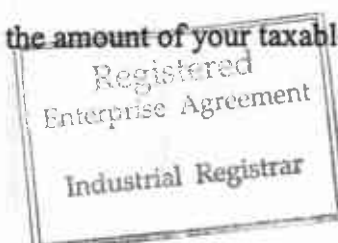
Current salary levels are based on clause 10 and Table 1 of Part B of the SACS Award and clause 9 Tables 1,2,3,4 of part B of the Miscellaneous Child Care Award

If you accept the offer of remuneration packaging your package breakdown will be as follows:

- up to 30,000 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 cash component of salary). This will be paid on a fortnightly basis, and 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.



Chester Hill Neighbourhood Centre 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.

Please note that any monies not used from month to month will be carried forward to the following month, on the provision that any monies not used from your Fringe Benefits at the end of the financial year (the last full pay period), will be paid to you via your normal salary and will be subject to income tax. No Fringe Benefits can be carried over from one financial year to the next.

4. 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 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, Chester Hill Neighbourhood Centre cannot guarantee to maintain the value of the fringe benefits component of your remuneration package.

5. Fringe Benefits

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

The type of personal expenses relating to the employee, employee's spouse, dependent children and associates of the employee that might be covered include, but are by no means limited to, items such as:



- cost of accommodation and related expenses (mortgage, rent, rates, insurance, maintenance etc);
- cost of personal motor vehicles (loan repayments, replacement fund contributions);
- education expenses;
- child care or aged care fees in respect of family members;
- home insurance;
- medical insurance, medical bills etc;
- household goods;
- superannuation contributions.
- holiday costs

Any personal expense items claimed should be principally applicable to, or be the direct responsibility of the employee, their spouse, dependent children or associates of the employee

Payments that will not be considered include anything that could be readily turned into cash, such as the payments against a personal credit card which has the facility of cash advance. If in doubt about any payment, please discuss with the Manager.

6. Superannuation

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

Firstly, Chester Hill Neighbourhood Centre Inc is required under the Superannuation Guarantee Act to pay a minimum 8% employer contribution. Employer contributions are scheduled to increase to 9% in 2002/3.

Chester Hill Neighbourhood Centre Inc will maintain the Superannuation Guarantee level 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 employee contributions to superannuation from your fringe benefit component of salary. These contributions will be subject to a government tax.

7. Worker's Compensation

Chester Hill Neighbourhood Centre Inc will maintain the 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 a compensable injury then payment will be made based on your Award Salary levels, not the total remuneration package, nor the cash component of your salary after packaging.



8. 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 Kanthi Vilat. To make any changes to the configuration of your package, you will need to give one month's notice in writing to the Committee of Management.

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.

Once this has been confirmed appropriate arrangements will be made with the payroll and accounts department.

Fringe Benefits - payment procedure

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

Chester Hill Neighbourhood Centre Inc will provide you with up to three cheques monthly in arrears made out to the payees you nominate.

9. Ceasing arrangements

If at any time you choose to cease arrangements for remuneration packaging you must provide at least one month's written notice to the Committee of Management. This would mean that your remuneration package would revert to your gross salary figure under either the SACS or Miscellaneous Kindergarten and Child Care Centre (State) 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 clause 10 of the SACS or clause 9 Tables 1,2,3,4 of part B of Miscellaneous Kindergarten & Child Care Centre (State) Award and taxed at the standard taxation rates. This means that any entitlements paid on termination will not be packaged.

If Chester Hill Neighbourhood Centre Inc should lose its PBI status, all remuneration packaging arrangements will cease. In this eventuality you will be given one month's notice by Chester Hill Neighbourhood Centre Inc..

10. 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.



Chester Hill Neighbourhood Centre also strongly suggests 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 Committee of Management before your personal remuneration packaging will commence.

If you have any further questions, please contact, Kanthi Vilat.

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