

MOTOR VEHICLE ALLOWANCE POLICY AND PROCEDURE



CONTENTS

1	PURPOSE.....	1
2	SCOPE.....	1
3	POLICY STATEMENT	1
4	PROCEDURE	2
	Senior executive motor vehicle allowance	2
	Deputy Vice-Presidents motor vehicle allowance	2
	Senior managers motor vehicle contribution allowance	2
	Novated lease arrangements	3
	Fully maintained salary package motor vehicles	3
5	RESPONSIBILITIES	4
	Compliance, monitoring and review	4
	Reporting.....	4
	Records management.....	4
6	DEFINITIONS	4
	Terms and definitions.....	4
7	RELATED LEGISLATION AND DOCUMENTS	5
8	FEEDBACK.....	5
9	APPROVAL AND REVIEW DETAILS.....	5

1 PURPOSE

- 1.1 This policy and procedure outlines how motor vehicle allowances will be managed for [senior employees](#) of CQUniversity, as a part of their remuneration package.

2 SCOPE

- 2.1 This policy and procedure applies to senior employees of CQUniversity who are eligible for a motor vehicle salary package in accordance with their individual employment agreement.
- 2.2 This policy and procedure does not apply to controlled and non-controlled entities of the University.
- 2.3 This policy and procedure does not apply to general salary packaging options available to employees. Refer to the [Salary Packaging Policy](#).

3 POLICY STATEMENT

- 3.1 A motor vehicle allowance will be allocated to eligible senior employees as a part of their remuneration package. Motor vehicle allowance amounts will be reviewed by the Financial Accounting Team every three years when a review of this policy is conducted. Ad hoc reviews may be performed where deemed necessary. Motor vehicle allowance payments is a fixed fortnightly allowance payment made by the People and Culture Directorate via the payroll function.
- 3.2 Motor vehicle salary packages will be in accordance with the individual employment agreement.

4 PROCEDURE

Senior executive motor vehicle allowance

- 4.1 The Vice-Chancellor and President's remuneration package is by negotiation with the Chancellor, approved by Council, and includes access to either a:
- fully maintained vehicle for business and private use, or
 - motor vehicle allowance paid in the form of a fixed fortnightly amount via payroll.
- 4.2 The Chief Operating Officer and Vice-Presidents remuneration packages are by negotiation with (and written approval from) the Vice-Chancellor and President and includes access to either a:
- fully maintained vehicle for business and private use having regard to the luxury car tax threshold limit as determined by the [Australian Taxation Office](#) (ATO), or
 - motor vehicle allowance payment paid in the form of a fixed fortnightly amount via payroll in addition to the Vice-President's existing package, up to the annual limit amount of \$26,000. (Note: allowances are considered assessable income to the senior executive).
- 4.3 The Chief Operating Officer and Vice-Presidents may elect to:
- enter into a salary sacrifice arrangement contributing the above motor vehicle allowance amount towards a [fully maintained novated lease](#) with the University's current contracted salary packaging provider to obtain a fully maintained vehicle for both business and private use, or
 - arrange their own vehicle contributing the above allowance amount.

Deputy Vice-Presidents motor vehicle allowance

- 4.4 Deputy Vice-Presidents are eligible to receive a motor vehicle allowance paid in the form of a fixed fortnightly amount via payroll in addition to the executives existing package up to the annual limit amount of \$15,760 (Note: allowances are considered assessable income to the Deputy Vice-President).
- 4.5 Deputy Vice-Presidents may elect to either:
- enter into a salary sacrifice arrangement contributing the above motor vehicle allowance amount towards a fully maintained novated lease with the University's current contracted salary packaging provider to obtain a fully maintained vehicle for both business and private use
 - arrange their own vehicle contributing the above motor vehicle allowance amount, or
 - by negotiation with (and written approval from) the Vice-Chancellor and President for the provision of a University motor vehicle up to a maximum value of \$50,000 (in lieu of a motor vehicle allowance).

Senior managers motor vehicle contribution allowance

- 4.6 To access the allowance, [senior managers](#) must enter into a salary sacrifice arrangement for a fully maintained novated lease motor vehicle with the University's current salary packaging provider. The vehicle must be used for both business and private purposes to be eligible for the partial contribution amount from the University towards the leased vehicle running costs.
- 4.7 Novated lease salary packaged motor vehicles must be available during University working hours and used for all University motor vehicle travel to be eligible for the allowance.
- 4.8 Senior managers who meet the above criteria may be eligible for the following vehicle allowance contribution amounts:
- Senior managers can apply to receive a base annual limit allowance amount of \$3,152 as part of their package, provided they enter into a salary sacrifice arrangement noted above. The allowance is calculated at 20 per cent of \$15,670.
 - A higher contribution percentage may be negotiated based on the business kilometres travelled and verified by the use of a logbook. Contact the [Financial Accounting Team](#) for further information.

- The contributed motor vehicle allowance amount will be paid as a fixed fortnightly amount in each pay in addition to the senior managers existing package. (Note: allowances are considered assessable income to the senior manager).
- This University (allowance) contribution amount must then be salary sacrificed in full under the novated lease arrangement along with the employee salary sacrifice contribution amount pre and/or post tax to the University's salary package provider.

Novated lease arrangements

- 4.9 Independent financial advice (at the senior employee's own cost) is strongly recommended in relation to any taxation matters taking into account individual circumstances relevant to any novated lease arrangement.
- 4.10 A fully maintained novated lease allows senior employees to use and pay for a vehicle via salary sacrificing, plus have all operating and maintenance costs paid for using pre-tax income. The senior employee would personally own the vehicle, and would take the vehicle with them should they cease employment with the University, or at the end of the lease period once the residual is paid.
- 4.11 Any shortfall between the motor vehicle allowance received from the University and the novated lease costs is payable by the senior employee.
- 4.12 Any differences in the estimated running costs and actual running costs of the novated lease vehicle is the responsibility of the senior employee. In the event the actual is less than the estimates, this would be returned to the senior employee on the finalisation of the lease, or payroll deductions adjusted during the lease period.
- 4.13 The residual value of the novated lease vehicle is the responsibility of the senior employee. They may either elect to pay it out and keep the car, or have the salary packaging provider sell on their behalf and lease a new vehicle.
- 4.14 If the senior employee ceases employment with the University, the novated lease vehicle liability, including any outstanding lease obligations, will be transferred with them. The novation period ceases when employment finishes.

Fully maintained salary package motor vehicles

- 4.15 University owned motor vehicle salary packages will be managed by the Financial Accounting Team, who is responsible for salary packaged vehicle dealership negotiations including any acquisition and disposal of applicable senior employee motor vehicles.
- 4.16 Vehicles belonging to the University will be used in accordance with this policy and procedure and the [Motor Vehicle Policy and Procedure](#).

Vehicle disposal

- 4.17 Vehicles purchased and exchanged by the University under normal purchasing procedures remain the property of the University. Salary packaged vehicles are replaced at the optimum change-over period and no greater than three years.
- 4.18 A salary packaged vehicle will be typically replaced by either the kilometres travelled, or no greater than three years, whichever occurs first. Replacement will be considered at 60,000 kilometres for passenger vehicles or 80,000 kilometres for SUV's and 4WD's, depending on the condition, cost of servicing/maintenance and trade-in price achievable.
- 4.19 Once a vehicle has reached its optimum time for replacement, the Financial Accounting Team, will start the process for disposal, as per the [Property, Plant and Equipment Disposal Procedure](#). At this time, the senior employee will either transition to the motor vehicle allowance benefit, or acquire a new motor vehicle.

5 RESPONSIBILITIES

Compliance, monitoring and review

- 5.1 The Chief Operating Officer is responsible for implementing, monitoring, reviewing and ensuring compliance with this policy and procedure.
- 5.2 The Financial Accounting Team is responsible for the calculation of motor vehicle allowance amounts and will obtain Council approval if the amounts require changing.
- 5.3 The People and Culture Directorate is responsible for the payment of approved motor vehicle allowances through the fortnightly payroll function.
- 5.4 Motor vehicle allowances paid to employees will be fully expended and therefore will not attract superannuation.
- 5.5 Drivers are responsible for the proper use of the vehicle, and must refer to the University's safe driving principles in the [Motor Vehicle Policy and Procedure](#).

Reporting

- 5.6 No additional reporting is required.

Records management

- 5.7 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 5.8 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email records@cqu.edu.au).
- 5.9 Senior employees who receive a higher contribution percentage based on business kilometres travelled must provide logbook records for any salary package vehicle, to the [Financial Accounting Team](#). Logbooks are valid for up to five years assuming there is no major change to the pattern of use.

6 DEFINITIONS

- 6.1 Terms not defined in this document may be in the University [glossary](#).

Terms and definitions

Fully maintained novated lease: a leasing agreement common throughout Australia which allows employees to finance a vehicle including all running costs using their pre and post-tax income. This type of lease is a three-way agreement between an employer, employee, and leasing company. The employee purchases the vehicle from a leasing company and then enters into an agreement with their employer and financier to salary sacrifice part of their salary to make the lease payments. The lease terms can be anywhere from one to five years depending on what you agree to with your employer.

Under a novated lease arrangement, the University (the employer) will take over all or part of the lessee's rights and obligations under the lease. This transfer of rights and obligations is agreed to in a deed of novation between the University, the finance company and the lessee. The lessee is usually the employee, or an associate of the employee.

The deed of novation usually contains a clause that transfers the lease obligations back to the lessee on termination of the lease or when the employee ceases employment with the University. In the latter case, this enables the employee to enter into a new novated lease arrangement with another employer.

Salary package vehicle: a motor vehicle that is owned by the University and used for both private and business purposes by an approved University employee.

Salary sacrifice arrangement: as per the Australian Taxation Office [Taxation Ruling TR 2001/10 - Income Tax: Fringe Benefits Tax And Superannuation Guarantee: Salary Sacrifice Arrangements](#), means an arrangement under which an employee agrees to forego (sacrifices) part of their total remuneration (cash component), that they would otherwise expect to receive as salary or wages, in return for the employer or someone associated with the employer providing benefits of a similar value (e.g. fully maintained novated lease motor vehicle). The main assumption made by the parties is that the employee is then taxed under the income tax laws only on the reduced salary or wages and that the employer is liable to pay Fringe Benefits Tax (FBT), if any, on the benefits provided.

Senior employees: an employee appointed on a senior management contract including the following:

- Senior executive - Vice-Chancellor and President, Chief Operating Officer and Vice-Presidents
- Deputy Vice-Presidents
- Senior manager - Directors (of business areas), Deans of Schools, and relevant senior contract employees.

7 RELATED LEGISLATION AND DOCUMENTS

[Fringe Benefits Tax Act 1986](#) (Cwlth)

[Motor Vehicle Policy and Procedure](#)

[Property, Plant and Equipment Disposal Procedure](#)

[Salary Packaging Policy](#)

[Taxation Ruling TR 2001/10 Income Tax: fringe benefits tax and superannuation guarantee: salary sacrifice arrangements](#) (Australian Taxation Office)

8 FEEDBACK

8.1 Feedback about this document can be emailed to policy@cqu.edu.au.

9 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
Delegated Approval Authority	Audit, Risk and Finance Committee (except for allowance limit updates)
Advisory Committee	N/A
Required Consultation	N/A
Administrator	Chief Operating Officer
Next Review Date	02/08/2025

Approval and Amendment History	Details
Original Approval Authority and Date	Council 01/05/2019
Amendment Authority and Date	Deputy Vice-Chancellor (Finance and Planning) 02/08/2019; Editorial amendment 29/04/2021; Audit, Risk and Finance Committee 02/08/2022; Editorial amendment 03/01/2023.
Notes	Content from this document was previously contained in the Motor Vehicle Policy (21/10/2015) and Motor Vehicle Procedure (28/07/2015).